राष्ट्रीय केमिकल्स एण्ड फर्टिलाइजर्स लिमिटेड
(भारत सरकार का उपक्रम)
साथ बढें समृध्दि की ओर

RASHTRIYA CHEMICALS AND FERTILIZERS LTD.
(A Government of India Undertaking)
Let us grow together

जय भगवान शर्मा
कंपनी सचिव
JAI BHAGWAN SHARMA
COMPANY SECRETARY

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

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

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

RCF/CS/Stock Exchanges /2018 — 3rd October, 2018

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 40th Annual Report for the year 2017-18

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith 40th Annual Report of the Company for the year 2017-18. We further enclosing herewith the Corrigendum for 40th AGM for rescheduling the date of AGM.

This is for kind your information and record

Yours faithfully,
For Rashtriya Chemicals and Fertilizers Limited

(J. B. Sharma)
Company Secretary

Encl: a./a.

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RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

Registered Office: "Priyadarshini", Eastern Express Highway, Sion, Mumbai - 400 022.
Phone: 022-24045024/ Fax: 022 24045022
CIN: L24110MH1978GOI020185
Email Id: investorcommunications@rcfltd.com / Website: www.rcfltd.com

CORRIGENDUM

Re-scheduling of Date of 40th Annual General Meeting from Friday, 21st September, 2018 to Wednesday, the 26th September, 2018

We draw kind attention of all the members of **Rashtriya Chemicals and Fertilizers Limited** ("the Company") to the Notice dated 8th August, 2018 convening 40th Annual General Meeting (AGM) of the Company scheduled to be held on Friday, the 21st day of September, 2018 at 3.00 p.m. at "Sivaswamy Auditorium", The Fine Arts Society, Fine Arts Chowk, RC Marg, Chembur, Mumbai 400 071. ***This corrigendum should be read in conjunction with the Notice of 40th Annual General Meeting and Annual Report for 2017-18 of the Company.***

Due to unavoidable circumstances, the 40th Annual General Meeting of the Members of the Company will be held on ***Wednesday, the 26th day of September, 2018 at 3.00 p.m.*** instead of Friday, 21st day of September, 2018 at the same venue "Sivaswamy Auditorium", The Fine Arts Society, Fine Arts Chowk, RC Marg, Chembur, Mumbai 400 071.

Members are requested to note the revised dates as under due to the re-scheduled date of the Annual General Meeting:

Sr No	Particulars	As per the Original date of the Annual General Meeting (Friday, 21st September, 2018)	As per the revised date of the Annual General Meeting (Wednesday, 26th September, 2018)
1.	The Register of Members and Transfer Books of the Company will remain closed from	Saturday, the 15th September, 2018 to Friday, the 21st September, 2018 [both days inclusive]	***Thursday, 20th September, 2018 to Wednesday, 26th September, 2018 (both days inclusive)***
2.	Cut-off date for payment of Dividend and remote e-voting	Friday, the 14th September, 2018	***Wednesday, the 19th September, 2018***
3	The remote e-voting period	Commences on Tuesday, the 18th September, 2018 (9.00 a.m. IST) and ends on Thursday, the 20th September, 2018 (5.00 p.m. IST).	***Commences on Saturday the 22nd September, 2018 (9.00 a.m. IST) and ends on Tuesday, the 25th September, 2018 (5.00 p.m. IST)***

The members of the Company be requested to read and take note of the following wherever mentioned in Annual Report and Notice of AGM:

a. **The date of AGM as Wednesday, 26th September, 2018 at 3.00 p.m. (Page No.1, 3, 74, 75, proxy form and Letter from Chairman of Annual Report).**

b. **Book Closure date as Thursday, 20th September, 2018 to Wednesday, 26th September, 2018 (both days inclusive) (Page No.3 & 75 of Annual Report).**

c. **E-voting period commences on Saturday, the 22nd September, 2018 (9.00 a.m. IST) and ends on Tuesday, the 25th September, 2018 (5.00 p.m. IST) (Page No.6 of Annual Report).**

d. **Cut-off date for the payment of dividend and e-voting as Wednesday, the 19th September, 2018 (Page No. 3 & 6 of Annual Report).**

Save for the above changes, all the information and contents set out in the Notice of 40th Annual General Meeting and Annual Report for the year 2017-18 remain unchanged.

For Rashtriya Chemicals and Fertilizers Limited

Place: Mumbai
Date: 25th August, 2018

(J. B. Sharma)
Company Secretary

Rashtriya Chemicals and Fertilizers Limited

(A Government of India Undertaking)

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40th ANNUAL REPORT 2017-18

NAYA BHARAT- HUM KARKE RAHENGE

Hon'ble Union Cabinet Minister for Chemicals and Fertilizers Shri Ananth Kumar visited RCF Stall in Exhibition cum Seminar based on the theme "Naya Bharat - Hum Karke Rahenge" organized at Bangalore. Shri Umesh V. Dhatrak, Chairman & Managing Director accompanied him during the visit.

ADDITIONAL SECRETARY VISITS RCF

Smt. Meenakshi Gupta, Additional Secretary & Financial Advisor, Dept. of Fertilizers, Govt. of India visited RCF. Shri Umesh V. Dhatrak, Chairman & Managing Director, Shri Sudhir D. Panadare, Director (Technical), Shri Umesh Dongre, Director (Finance), and other senior executives accompanied her during the visit.

BOARD of DIRECTORS

Shri Umesh V. Dhatrak
Chairman & Managing Director

Shri Suresh Warior
Director (Finance)
(Up to 30.11.2017)

Shri Sudhir D. Panadare
Director (Technical)
(From 18.12.2017)

Shri Umesh Dongre
Director (Finance)
(From 09.02.2018)

Shri Sushil Kumar Lohani, IAS
Jt. Secretary, Dept. of Fertilizers,
New Delhi (Up to 17.05.2018)

Ms Alka Tiwari, IAS
Jt. Secretary, Dept. of Fertilizers,
New Delhi

Ms Gurveen Sidhu, IA&AS
Jt. Secretary, Dept. of Fertilizers,
New Delhi (From 18.05.2018)

Shri Harin Pathak
Independent Director

Shri Bharatkumar Barot
Independent Director
(Up to 23.11.2017)

Shri G. M. Inamdar
Independent Director

Shri Suryanarayana Simhadri
Independent Director

Shri J. B. Sharma
Company Secretary
(From 01.10.2017)

MISSION STATEMENT

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

VISION STATEMENT

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

VALUE STATEMENT

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

LETTER from the CHAIRMAN

Dear Shareholders,

It gives me immense pleasure to share with you our performance for the year 2017-18 and perspectives on the way forward. Your Company has time and again proved that no challenge is greater than their employees' dedication and commitment which brings the Company to greater heights with every passage of time. Simultaneously, your Company has incessantly continued its efforts in reducing costs by improvising on efficiencies. Throughout the time, our Company has constantly evolved to stay relevant to meet the needs of customers and deliver value to all its stakeholders.

Overview of the Economy

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP growth is estimated as 6.7% in 2017-18 and is expected to grow at 7.3% in 2018-19. The tax collection figures during FY 2017-18 show an increase in net direct taxes by 18% on year-on-year basis. While some of the growth in tax collections may be attributed to the growth in economy and rising compliance, it is also as a result of implementation of GST. GST might have played a big role in the direct tax collection by putting a check on tax evasion which, in turn, might have boosted the direct tax revenue collections.

The Union Budget for 2018-19 was announced by Union Minister for Finance, Government of India, in Parliament on February 1, 2018. This year's budget focuses on uplifting the rural economy and strengthening of the agriculture sector, healthcare for the economically less privileged, infrastructure creation and improvement in the quality of education of the country. As per the budget, the Government is committed towards doubling the farmers' income by 2022. A total of ₹ 14.34 lakh crore (US$ 225.43 billion) will be spent for creation of livelihood and infrastructure in rural areas. Budgetary allocation for infrastructure is set at ₹ 5.97 lakh crore (US$ 93.85 billion) for 2018-19. All-time high allocations have been made to the rail and road sectors.

Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India. India's gross domestic product (GDP) is expected to reach US$ 6 trillion by FY 2027 and achieve upper-middle income status on the back of digitisation, globalisation, favourable demographics, and reforms.

Overview of the Fertilizer Industry

Primary fertiliser sales in financial year (FY) 2017-18 witnessed a modest growth of 2% year over year (YoY) owing to healthy off-take by farmers and low inventory stocking by companies in view of pan-India implementation of Direct Benefit Transfer (DBT). Urea sales volume grew 2% yoy to 30.31 MMT in FY 2017-18 from 29.60 MMT in FY 2016-17; indigenous urea sales grew 1% YoY while urea imports grew 9% in the same period. Non-urea fertilisers grew 2% YoY in FY 2017-18 driven by healthy sales of DAP, MOP and complexes with DAP, NPK and MOP sales growing 1%, 4% and 14% respectively. DAP sales volume grew 1% to 9.0 MMT in FY 2017-18 from 8.9 MMT in FY2017 while sale of NPK complexes grew 4% YoY to 9.0 MMT in FY 2017-18 from 8.7 MMT in FY 2016-17. MOP sales volume continued to witness healthy growth of 14% in FY 2017-18 post impressive growth of 15% in FY 2016-17 owing to the price of the fertiliser remaining low.

Domestic urea production has witnessed a decline of ~0.5% yoy to 24.10 MMT in FY 2017-18 from 24.20 MMT in FY2016-17. The decline has been majorly due to certain planned and unplanned shutdowns in various urea plants during the early part of the year. However, post normalisation of operations, the production rates have improved in latter half of the year. Urea imports have risen 9% to 5.9 MMT in FY2017-18 as against 5.5 MMT in FY2016-17. The growth in import comes on the back of lower base of FY2016-17 while imports on an absolute level remain lower in FY 2017-18 vis-a-vis past years, which has also led to systemic inventory levels declining sharply at the end of FY 2017-18.

The Direct Benefit Transfer (DBT) was recently rolled out on a pan India basis from February 1, 2018 after completion of the pilot stage that was implemented across 19 districts. The new subsidy framework aims to address several challenges being faced under the existing system, including diversion of urea for non-Agricultural use, imbalanced use of fertilisers, delay in subsidy receipts from the Government of India (GoI) and protection of some of the legacy and inefficient plants. However, owing to the large subsidy backlog, inadequate subsidy provisioning in the Union Budget as well as shifting of subsidy realisation from point of dispatch to point of retail sale, the implementation of DBT is likely to have a negative impact on the working capital cycle of the fertiliser industry in the near term. During the pilot stage, several operational and technological issues such as Aadhaar based identity authentication failure, weak internet connectivity, delay in update of stock position by wholesalers and stock reconciliation issues among other technical glitches were witnessed. However, subsequently several steps were taken to reduce the rate of authentication failure and lowering of transaction time.

GoI has allowed 14 urea units which were unable to carry out energy efficiency capex to continue with existing norms with nominal penalties while norms have been tightened for 11 urea units which had completed capex and were able to meet energy norms under NUP-2015. The units which have been unable to meet the target energy norms will face nominal penalties. The CCEA also approved continuation of existing norms for the naphtha-based urea units for another two years i.e. FY 2018-19 and FY 2019-20 or till pipeline connectivity is achieved whichever is earlier. With revision in norm for 11 units at present the savings in subsidy is expected to be around ~₹ 268 crore per annum according to GoI and once the remaining units migrate to revised norms, the total subsidy saving expected to be ~₹1500-1700 crore per annum based on prevailing pooled gas prices. However, the tightening of norms will negatively affect the profitability of the urea units as the energy savings earned would decline vis-a-vis the earlier norms. The new norms will remain applicable till March 31, 2025.

Corporate Overview of the Company:

During the year, your Company achieved a Turnover of ₹ 7318.63 crore as against ₹7223.17 crore in previous year (PY). Profit Before Tax (PBT) during the year, stood at ₹128.34 crore as against ₹248.73 Crore, i.e. a reduction by 52% over previous year. Profit After Tax (PAT) stood at ₹78.80 crore as against ₹179.26 Crore i.e. reduction by 44% over previous year. Reduction in profits of the Company is mainly on account of lower sales of Urea, Suphala & Traded products, lower energy efficiencies, wage revision provision etc.

Your Company achieved sales volume of 30.64 lakh MT during 2017-18 as compared to 31.87 lakh MT during the previous year. The Total sale of manufactured fertilizers during 2017-18 was 29.81 lakh MT as against 30.44 lakh MT during the previous year. Sales of manufactured fertilizers registered reduction of 2.07 % over previous year owing to lower sales of fertilizers and bought out products.

Projects

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

self-reliance on scarce resources like water;

- improving efficiency in use of energy in production operations;
- participation in the revival of closed fertilizer units; and
- making efforts for increasing consistently availability of raw materials / finished fertilizers through joint ventures in India and Abroad,

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

I am delighted to present the Annual Report for the year 2017-18 and hope to see you on 21st September, 2018 at the 40th Annual General Meeting of the Company.

Going forward

The Government of India is focused on the development of the agricultural sector and on improving the rural economy. In the union budget for FY2018-19, the GoI announced a downward revision in the subsidy provision for FY2017-18(RE) to ₹ 650 billion as against ₹700 billion estimated earlier while the subsidy allocation for FY2018-19 was increased to ₹ 700 billion. While the subsidy allocation for urea was increased by ~5% to ₹ 450 billion, that for NPK has been increased by 13% to ₹ 251 billion. The subsidy backlog for the industry is expected to remain high at ₹ 286 billion towards the end of FY2017-18. While subsidy backlog is lower in comparison to levels seen in the end of FY2015-16, it continues to remain at high levels and will continue to impact the profitability of the industry. Additionally, any material uptick in the raw material prices may see the backlog figure to increase in FY2018-19 from current levels if no additional subsidy allocation is made during the year. Further, the Ministry of Finance has approved a Special Banking Arrangement (SBA) amounting to ₹7000 crore for the Fertiliser Ministry, in the form of interest subvention, as was the case in February 2017. As the SBA is a short-term loan extended at a subsidised interest rate (with the government interest liability limited to the 10-year G-Sec rate), it will have to be repaid from the budgetary allocation in FY2018-19. Thus, the SBA, will certainly help in reducing the interest costs being borne by the fertiliser units but the issue of subsidy backlog will continue to plague the industry.

The outlook for fertiliser sales remains positive for the upcoming Kharif season given in the expectation of a normal monsoon and prospects for rise in MSP given the budget pronouncements. Given the forecast of a normal monsoon and assurance by the GoI to ensure MSPs at 150% of the cost of production for farmers, the sowing level in the upcoming Kharif season is expected to witness healthy growth YoY which should promote healthy fertiliser off-take during the season. The overall fertiliser sales expected to witness 2%-4% YoY growth in the upcoming Kharif season.

The Government is extremely committed in improving the quality of soil and in bringing it to its ideal NPK levels. The ideal NPK ratio is 4:2:1 whereas Indian soils the ratio is 6.8:2.7:1.

- With the sales of fertilizers now being streamlined with the DBT mechanism which is linked with soil health cards we can expect improvement in the nutrient usage. The government has distributed 136.5 million soil health cards till date.
- We can expect the production non controlled fertilizers like DAP and SSP to increase given the importance of balanced usage of fertilizers and also with the government increasing the subsidy rate for P grade and S grade fertilizers.
- Urea usage to be moderate during FY18-19 due to the effectiveness of neem coating of urea and with the introduction of 45kg urea bags (earlier 50kg urea bags were sold).

As per our estimates the raw material cost for the fertilizer industry could increase by 5% due to the increase in gas prices. This could pressure on fiscal spending of the government while disbursing the subsidies.

The fertilizer sector faces an inverted duty structure with the raw materials being taxed at 18% (except phosphoric acid which is taxed at 12%) and the final product being charged at 5%.

Introduction of DBT will help bring relief to manufactures with the subsidies being transferred directly to them, but since the implementation is still picking up there are a few teething issues which need to be resolved, till then this could lead to a short term liquidity crunch with the manufacturers in the collection of subsidies.

Acknowledgement

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

Thank you, ladies and gentlemen.

Umesh V. Dhatrak

Chairman & Managing Director

Mumbai

Dated : 8th August, 2018

RAJBHASHA HINDI SAMMELAN

Hon'ble Governor of Maharashtra Shri Vidyasagar Rao and Chairman & Managing Director of RCF Shri Umesh V. Dhatrak inaugurating a book on the occasion of Rajbhasha Hindi Sammelan of West and Central Zone held at RCF Gangadhar Deshmukh Hall Chembur, Mumbai

WIPS AWARD

Shri Umesh V. Dhatrak, Chairman & Managing Director, Shri Sudhir D. Panadare, Director (Technical), Shri Umesh Dongre, Director (Finance) appreciating RCF WIPS Cell for achieving an Award in recognition of Best Activities for Women from Forum of Women in Public Sector (WIPS) .

FINANCIAL HIGHLIGHTS AT A GLANCE

₹ in Crore

Sr. No.	PARTICULARS	2017-18 As per Ind AS	2016-17 As per Ind AS	2015-16 As per revised Schedule VI	2014-15 As per revised Schedule VI	2013-14 As per revised Schedule VI	2012-13 As per revised Schedule VI	2011-12 As per revised Schedule VI	2010-11 As per revised Schedule VI	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
1	**Turnover** **(Gross Sales+ Subsidy + Other Income)**	7514.64	7450.74	9013.43	8057.65	6877.89	7102.49	6662.36	5671.60	5826.25	8538.43	5325.06	3644.60	3187.80	2895.90	2396.64
2	**Profit before Interest (Net), Depreciation and Tax (EBIDTA)**	319.19	478.34	573.24	887.29	628.59	612.72	531.24	476.74	439.70	487.22	384.31	363.66	284.39	303.99	233.38
3	Depreciation	137.04	141.10	145.13	258.12	141.75	173.15	142.44	112.62	75.60	86.58	86.96	75.42	68.53	96.71	69.17
4	Interest [Net]	53.81	88.51	135.93	111.38	119.90	59.09	12.75	9.65	19.87	74.93	59.32	46.93	0.80	(3.98)	(91.59)
5	Prior year Adj. - Expenses / (Income)	0.00	0.00	1.08	8.16	(0.38)	0.36	1.59	(0.22)	0.02	0.01	(4.04)	0.07	(0.61)	(0.41)	(0.85)
6	Exceptional Items	0.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	**Profit / (Loss) Before Tax**	128.22	248.73	291.10	509.63	367.32	380.12	374.46	354.69	344.21	325.70	242.07	241.24	215.67	211.67	256.65
8	Tax Provision (Net of Adj.)	49.42	69.47	99.87	187.57	117.43	99.22	125.22	109.57	109.34	114.12	83.92	92.50	67.71	70.71	88.86
9	**Profit / (Loss) After Tax**	78.80	179.26	191.23	322.06	249.89	280.90	249.24	245.12	234.87	211.58	158.15	148.74	147.96	140.96	167.79
10	Dividend															
	Rate %	6.00	11.00	11.00	18.00	15.00	15.00	14.00	11.00	11.00	12.00	10.00	10.00	10.00	17.00	17.00
	Amount :	39.91	73.04	73.04	119.52	96.79	96.81	89.77	70.53	70.77	77.45	64.55	64.55	62.91	107.02	105.81
	Dividend Payout Ratio %	50.64	40.75	38.19	37.11	38.73	34.46	36.02	28.77	30.13	36.61	40.82	43.39	42.52	75.92	63.06
11	Working Capital	1544.05	1607.38	1465.03	1695.06	1378.73	1199.67	1116.04	1036.33	1933.66	1896.01	1418.44	1434.06	884.39	849.81	734.48
12	Capital Employed	4388.64	4710.66	5564.75	4705.99	4333.38	4073.22	3423.14	2542.65	3176.37	2973.17	2472.58	2449.97	1756.80	1738.87	1609.53
13	Net Worth	2929.69	2925.02	2829.12	2710.93	2508.39	2355.29	2171.20	2011.73	1837.14	1672.42	1537.38	1447.30	1361.50	1271.42	1234.08
14	**RATIOS**															
	Current Ratio [CA : 1]	1.64	1.56	1.35	1.62	1.58	1.42	1.40	1.85	2.25	1.93	2.63	3.28	2.29	2.78	2.86
	Debt Equity Ratio [Debts: 1]	0.11	0.04	0.05	0.14	0.13	0.09	0.13	0.08	0.72	0.85	0.81	0.66	0.32	0.29	0.17
	EBIDTA to capital employed %	7.27	10.15	10.30	18.85	14.51	15.04	15.52	18.75	13.84	16.39	15.54	14.84	16.19	17.48	14.50
	PBT to Capital Employed %	2.92	5.28	5.23	10.83	8.48	9.33	10.94	13.95	10.84	10.95	9.79	9.85	12.28	12.17	15.95
	PAT to Capital Employed %	1.80	3.81	3.44	6.84	5.77	6.90	7.28	9.64	7.39	7.12	6.40	6.07	8.42	8.11	10.42
	PBT to Net Worth %	4.38	8.50	10.29	18.80	14.64	16.14	17.25	17.63	18.74	19.47	15.75	16.67	15.84	16.65	20.80
	PAT to Net Worth %	2.69	6.13	6.76	11.88	9.96	11.93	11.48	12.18	12.78	12.65	10.29	10.28	10.87	11.09	13.60
	PAT to Equity %	14.28	32.49	34.66	58.38	45.30	50.92	45.18	44.43	42.57	38.35	28.67	26.96	26.82	25.55	30.41
	PBT to Turnover %	1.71	3.34	3.23	6.32	5.34	5.35	5.62	6.25	5.91	3.81	4.55	6.62	6.77	7.31	10.71
	PAT to Tounover %	1.05	2.43	2.14	4.04	3.67	3.99	3.78	4.37	4.07	2.50	3.00	4.12	4.69	4.92	7.07
	Earning per share Before Tax (₹)	2.32	4.51	5.28	9.24	6.66	6.89	6.79	6.43	6.24	5.90	4.39	4.37	3.91	3.84	4.65
	Earning per share After Tax (₹)	1.43	3.25	3.47	5.84	4.53	5.09	4.52	4.44	4.26	3.84	2.87	2.70	2.68	2.56	3.04
	EBIDTA to Turnover %	4.25	6.48	6.42	11.12	9.23	8.71	8.05	8.49	7.55	5.71	7.22	9.98	8.92	10.50	9.74

Senior Managers

Name	Designation
T. V. Reddy	Chief Vigilance Officer
Ravindra P. Jawale	Executive Director (Thal)
Shirish G. Bhogle	Executive Director (HRD, R&D and IT)
Saifuddin K. Fidvi	Executive Director (QC-Corp)
Ajit S. Kashikar	Executive Director (Trombay)
Arun V. Nawade	Executive Director (HR)
P. L. C. K. Prasad	Executive Director (Fin & CSO)
Chandraguptarajah S. A.	Executive Director (Trombay Projects)
V. P. Sreekrishnan	Executive Director (Operations)
Arvind T. Jadhav	Executive Director (IPD) I/C.
Nuhu H. Kurane	Executive Director (Marketing) I/C.
Subhash S. Kawade	Chief Gen Mgr (Trombay Finance)
Rajendra P. Paradkar	Chief Gen Mgr (Co-Ordination)
Asok Kumar Das	Chief Gen Mgr (Commercial)
Milind M. Deo	Chief Gen Mgr (Technical), Thal
Satish B. Pawar	Chief Gen Mgr (HR-Admn)
Abhay V. Lonkar	Chief Gen Mgr (Utility & Projects), Thal
Gajanan N. Tatwawadi	Gen Mgr (Nitrogen)
Shirish M. Chalke	Gen Mgr (Corp.Fin & Mktg Fin)
Vivek S. Fadnis	Gen Mgr (Nitrogen), Thal
Raghunandan Khemani	GM (Talcher Proj) / COO (Downstream) - TFL
Milind W. Meshram	Gen Mgr (IPD)
Hemant R. Kulkarni	Gen Mgr (HR / Admn.), Thal
Suhas S. Shelar	Gen Mgr (Mktg)
Alkesh R. Takpere	Gen Mgr (Corporate)
Milind V. Kulkarni	Gen Mgr (Commercial),Thal
Vijay P. Mutadak	Gen Mgr (IT)
Vasant S. Nandekar	Gen Mgr (TS)

Contents

Company Secretary :	**Shri J. B. Sharma**
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Website address :	www.rcfltd.com
Telephone :	022 24045024 / 022 25523114
Registered Office :	"Priyadarshini", Eastern Express Highway, Sion, Mumbai 400 022.
Share Transfer Agent:	M/s. Link Intime India Pvt. Ltd., C-101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai – 400 083 **(022) 49186000**

Bankers	State Bank of India Swastik Chamber Chembur, Mumbai.
Statutory Auditors:	M/s Kalyaniwalla & Mistry LLP, Mumbai M/s Chhajed & Doshi, Mumbai
Cost Auditors:	M/s K. G. Goyal & Associates, Jaipur.
Internal Auditors:	M/s Amit Ray & Co., Mumbai M/s Bandyopadhyaya Bhaumik & Co., Kolkata
Solicitor:	M/s M.S. Bodhanwalla & Co., Mumbai.

RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

Registered Office: "Priyadarshini", Eastern Express Highway, Sion, Mumbai - 400 022.
Phone: 022-24045024/ Fax: 022 24045022
CIN: L24110MH1978GOI020185
Email Id: investorcommunications@rcfltd.com / Website: www.rcfltd.com

NOTICE

FORTIETH ANNUAL GENERAL MEETING

NOTICE is hereby given that the FORTIETH 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 21st day of September, 2018 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, 2018, including Profit & Loss Statement for the year ended 31st March, 2018 and Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.

2. To declare dividend on equity share capital for the financial year 2017-18;

3. To appoint a Director in place of Ms. Alka Tiwari (DIN: 03502306), who retires by rotation and being eligible, offers herself for reappointment.

4. To fix the remuneration of Statutory Auditors for the Financial Year 2018-19 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to Section 142 and other applicable provisions, if any, of the Companies Act, 2013, approval of the Company be and is hereby accorded to the Board of Directors to fix the remuneration, as may be reasonable and expedient, of the Statutory Auditors appointed by the Comptroller and Auditor General of India for conducting the Audit of the accounts of the Company for the financial year 2018-19."

SPECIAL BUSINESS:

5. To appoint Shri Umesh Vasant Dhatrak, as Chairman & Managing 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 Umesh Vasant Dhatrak (DIN: 07718394), who was appointed by the Board of Directors in its meeting held on 21st September, 2017 as an Additional Director and Chairman & Managing Director of the Company and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013 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 the Director and Chairman & Managing Director of the Company w.e.f. 14th September, 2017 on terms and conditions as determined by the Government of India, in the scale of ₹80,000–₹1,25,000/- plus perquisite as applicable to the grade, for a period of five years from the date of his assumption of charge of the post or till the date of his superannuation or until further orders, whichever is earliest. He shall not be liable to retire by rotation."

6. To appoint Shri Sudhir D. Panadare, as Director (Technical) 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 Sudhir D. Panadare (DIN: 07933191), who was appointed by the Board of Directors as an Additional Director and Director (Technical) of the Company w.e.f. 18th December, 2017 and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013 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 the Director (Technical) of the Company liable to retire by rotation on terms and conditions as determined by the Government of India, in the scale of ₹ 75,000 – ₹1,00,000/- plus perquisite as applicable to the grade, for a period of five years from the date of his assumption of charge of the post or till the date of his superannuation or until further orders, whichever is earliest."

7. To appoint Shri Umesh Dongre, as Director (Finance) 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 Umesh Dongre (DIN: 08039073), who was appointed by the Board of Directors as an Additional Director and Director (Finance) of the Company w.e.f. 9th February, 2018 and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013 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 the Director (Finance) of the Company, liable to retire by rotation on terms and conditions as determined by the Government of India, in the scale of ₹75,000 – ₹1,00,000/- plus perquisite as applicable to the grade, for a period of five years from the date of his assumption of charge of the post or till the date of his superannuation or until further orders, whichever is earliest."

8. To appoint Ms Gurveen Sidhu, as Director of the Company.

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and 161 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re- enactment thereof for the time being in force) , Ms. Gurveen Sidhu (DIN: 08121526) who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. 18th May, 2018 and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company w.e.f. 18th May, 2018, in terms of letter no. 130/8/2003-H.R. –I dated 10th April, 2018 issued from Ministry of Chemicals & Fertilizers , who shall be liable to retire by rotation."

9. Approval of Cost Auditor's remuneration

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

"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 (Membership No.M5740), 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, 2019, amounting to ₹2,00,000/- excluding applicable taxes be and is hereby ratified and confirmed.

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

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

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

"**RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company, approval of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which terms shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to offer or invite subscriptions for secured non-convertible debentures (NCDs), in one or more series/tranches, aggregating upto to ₹1,000 Crore (Rupees One Thousand Crore Only), on private placement, from such persons and on such terms and conditions as the Board of Directors of the Company may, from time to time, determine and consider proper and most beneficial to the Company including, without limitation, as to when the said Debentures are to be issued, the consideration for the issue, mode of payment, coupon rate, redemption period, utilization of the issue proceeds and all matters connected therewith or incidental thereto.

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

By order of the Board of Directors

(J. B. Sharma)
Company Secretary

Date: 8th August, 2018
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 15th September, 2018 to Friday, the 21st September, 2018 [both days inclusive].

   The dividend, if declared at the AGM, will be paid on or after Friday, the 21st September, 2018 to those persons:

   (a) whose names appear as beneficial owners as at the end of the business hours on Friday, the 14th September, 2018 in the list of beneficial owners to be furnished by the National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") in respect of the shares held in electronic forms; and

   (b) whose names appear as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/ Registrar and Share Transfer Agents on or before Friday, the 14th September, 2018.

4. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.

5. Members are requested to notify immediately any changes in their address to the Company or its Transfer Agents: M/s. Link Intime India Pvt. Ltd., C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083.

6. The details of the Directors seeking re-appointment/ appointment are annexed hereto in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 on General Meetings.

7. Any clarifications needed by the members of the Company may be addressed to the Company Secretary at the Registered Office of the Company or through e-mail investorcommunications@rcfltd.com at least seven days prior to the date of Annual General Meeting.

8. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2009-10, 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 21st September, 2017 (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.

During the year 2018-19, the Company would be transferring unclaimed dividend amount for the financial year ended 31st March, 2011 on or before 27th November, 2018 to IEPF.

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

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

Claim from IEPF Authority

Members/claimants whose shares and unclaimed dividend have been transferred to the IEPF Authority can claim the same by making an application to the IEPF Authority in Form IEPF-5 along with requisite documents (available on www.iepf.gov.in) and sending duly signed physical copy of the same to the Company along with requisite documents prescribed in Form IEPF-5. Member/claimant can file only one consolidated claim in a financial year as per the IEPF Rules. Link to Form IEPF-5 is also available on the website of the Company at www.rcfltd.com under the 'Investor Relations' section. No claims shall lie against the Company in respect of the dividend/shares so transferred.

9. Members holding shares in physical form are requested to consider converting their holding(s) to dematerialised form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Registrar and Share Transfer Agents for assistance in this regard.

10. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Registrar and Share Transfer Agents, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.

11. Electronic copy of the 40th Annual Report for 2018, 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 2018, indicating process and manner of e-voting along with attendance slip and proxy form, are being sent in the permitted mode.

12. 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.

13. **Nomination Facility**

As per the provisions of Section 72 of the Act, facility for making nomination is available for the Members in respect of the shares held by them. Members holding shares in single name and who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a member desires to cancel the earlier nomination and record fresh nomination, he/she may submit the same in Form No. SH-14. Members holding shares in physical form are requested to obtain the nomination forms from the Company's Registrar and Share Transfer Agents. Members holding shares in electronic form may obtain the nomination forms from their respective depository participants. Both the forms are also available on the website of the Company at www.rcfltd.com under 'Investor Relations' section.

14. Members/Proxies are requested to bring the Attendance Slip(s) duly filled in.

15. Members may also note that the 40th Annual Report for 2017-18 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: investorcommunications@rcfltd.com.

16. To support the 'Green Initiative', the members who have not registered their e-mail addresses are requested to register the same with Registrars/ Depository Participant(s). Electronic copy of the Annual Report for Financial Year 2017-18 is being sent to all the members whose email IDs are registered with the Company/depository participant(s) for communication purposes 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 FY 2017-18 are being sent in the permitted mode.

17. With the aim of curbing fraud and manipulation risk in physical transfer of securities, SEBI has notified the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 on 8th June, 2018 to permit transfer of listed securities only in the dematerialized form with a depository. In view of the above and the inherent benefits of holding shares in electronic form, RCF urge the shareholders holding shares in physical form to opt for dematerialization.

18. A route map showing directions to reach the venue of the 40th AGM is given along with this Annual Report as per the requirement of the Secretarial Standards 2 on General Meetings.

19. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the Securities market. Members holding shares in electronic form are, accordingly, requested to submit their PAN and Bank Details to the depository participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN and Bank Details to the Company/RTA.

20. 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 40th 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, the 14th September, 2018.

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 Friday, the 14th September, 2018 may refer to this Notice of the 40th 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.evotingindia.com

V. A member may participate in the AGM even after exercising his right to vote through remote e-Voting, but cannot vote again at the AGM. More details pertaining to e-Voting is included under the Section "Instructions for remote e-Voting" annexed to this Notice.

VI. Shri Bhumitra V. Dholakia, Practising Company Secretary and Designated Partner of M/s. Dholakia and Associates LLP, Company Secretaries has been appointed as the Scrutinizer to scrutinize the remote e-voting and ballot process in a fair and transparent manner.

VII. The Scrutinizer shall, within 3 days of conclusion of the meeting, make a consolidated Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairman or a Director authorised by him. The Chairman or a Director authorised by him shall declare the result of the voting forthwith.

VIII. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.rcfltd.com and on the website of CDSL e-Voting www.evotingindia.com immediately after the result is declared by the Chairman. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited, Mumbai, where the shares of the Company are listed.

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

(i) The remote e-voting period commences on Tuesday, the 18th September, 2018 (9.00 a.m. IST) and ends on Thursday, the 20th September, 2018 (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, the 14th September, 2018, 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 / Members

(v) Now Enter your User ID

a. For CDSL: 16 digit 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) · 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. · 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, 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 login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xx) Note for Non–Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com 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.5

In pursuance of order issued by Ministry of Chemicals and Fertilizers, Department of Fertilizers, Government of India, the Board of Directors in its meeting held on 21st September, 2017 has appointed Shri Umesh Vasant Dhatrak as an Additional Director and Chairman & Managing Director of the Company w.e.f. 14th September, 2017. Pursuant to Section 161(1) of the Companies Act, 2013 read with Article 81(4) of Articles of Association of the Company, Shri Dhatrak will hold the office till the date of 40th Annual General Meeting.

Shri Dhatrak is Bachelor of Engineering (Mech.) from College of Engineering, Pune in 1981. He joined the Company in August, 1981 as Management Trainee and rose to the post of Chairman & Managing Director. In his long career spanning more than 36 years, he has worked in various capacities in Technical Services, Ammonia plants, Urea Plant & Power Plant, Steam Generation Plant, Bagging, Plant Health Services Dept. etc. and in development of the projects of the Company. He succeed in achieving mechanical stability and reliability for continuous operations and efficient performance of the various plants. As Operations Manager (Urea), he has led the Urea team and improved the Plant performance and reliability and surpassed many production and energy consumption records and played a key role in reconstruction of Ammonia-I cooling Tower in record time. He has published article on experience in attending high vibration problem in Synthesis Gas compressor in the FAI Magazine. The hallmark of Shri Dhatrak's success is his sustained discipline, hard work and commitment to the profession and Company as a whole. As a team leader, he encourages interaction among team members for better exchange of ideas, which results in higher productivity in the organization. Prior to elevation to the present post, he was Executive Director (Planning and Project Development). He had also worked in the capacity of Executive Director, Thal Unit. He is a profound lover of music and culture. He is a yoga enthusiast.

Shri Dhatrak 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 Dhatrak 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 Dhatrak for the office of Director.

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

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

The Directors, therefore, recommend the resolution set forth in item no. 5 for the approval of the members.

Item No.6

Shri Sudhir D. Panadare, who has been appointed by President of India as Director (Technical) on the Board of the Company w.e.f. 18th December, 2017, pursuant to Section 161(1) of the Companies Act, 2013 read with Article 81(4) of Articles of Association of the Company, will hold the office till the date of 40th Annual General Meeting.

Shri Panadare is Chemical Engineer from University Department of Chemical Technology, Mumbai (now known as Institute of Chemical Technology). He is also a certified Energy Auditor by Bureau of Energy Efficiency (BEE). He joined the Company in year 1981 as Management Trainee and rose to the post of Director (Technical). In his long career spanning more than 36 years, he has worked in various capacities in Technical Services, Ammonia plants, Urea Plant & Chemical Plants etc. and in development of the projects of the Company. Shri Panadare headed the Corporate Department for pre project work of Thal expansion project and other projects and has visited various countries like Denmark, Egypt, USA, Ghana, Vietnam and Turkmenistan for business opportunities. Shri Panadare was leader of RCF team for re-commissioning of revamped Namrup III Unit of Brahmaputra Valley Fertilizer Corporation Limited. Prior to elevation to the present post, he was Executive Director (Planning and Project Development) In-charge. He is an avid reader and has published technical papers in various journals.

Shri Panadare 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 Panadare holds 100 shares of RCF. The Company has received a notice in writing from a member proposing the candidature of Shri Panadare for the office of Director.

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

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

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

Item No.7

Shri Umesh Dongre, who has been appointed by President of India as Director (Finance) on the Board of the Company w.e.f. 9th February, 2018, 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 40th Annual General Meeting.

Shri Dongre is a Fellow CMA from the Institute of Cost Accountants of India and belonged to Indian Cost Accounts Service (ICoAS). He has also Masters in Commerce from Osmania University. An officer of ICoAS 1991 batch, he has vast experience of Costing and Pricing of wide variety of products and dealt with project evaluation proposals of Government of India. He has also experience of working on Urea Subsidy in Fertilizer Industry Coordination Committee (FICC). He occupied several important positions as ICoAS officer in Department of Fertilizers, Department of Public Enterprise, Directorate of Sugar and Department of Expenditure, apart from initial working tenure in a CPSE and NABARD. Prior to joining Director (Finance), Shri Dongre was Advisor (Cost), Department of Expenditure, Ministry of Finance. He believes that cost efficiency in all operations lead to higher profitability and sustainability of the organisation.

Shri Dongre 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 Dongre 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 Dongre for the office of Director.

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

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

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

Item No.8

Ms Gurveen Sidhu, who has been appointed by President of India as Government Nominee Director on the Board of the Company w.e.f. 18th May, 2018, 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 40th Annual General Meeting.

Ms Sidhu is 1995 batch IA&AS officer presently posted as Joint Secretary, Department of Fertilizers. She has done CIA and CA. She has a rich experience of working in the fields of accounts & entitlement, civil audit, receipt audit, commercial audit, etc. She has varied and rich experience in Government, in different positions, and has great managerial capabilities.

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

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

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

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

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

Item No.9

Pursuant to the recommendation of the Audit Committee, the Board of Directors at their meeting held on 18th May, 2018, has considered and approved the appointment of M/s. Rohit J. Vora, Cost Accountants (Membership No.M5740), Mumbai to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2019, as set out in the Resolution under this Item of the Notice.

In accordance with Rule 14 of Companies (Audit and Auditors) Rules 2014, remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, requires ratification by the Shareholders and hence this resolution is put for the consideration of the shareholders.

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

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

Item No.10

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

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

Accordingly, consent of the members is sought for passing the Special Resolution as set out at Item No.10 of the Notice. This resolution is an enabling resolution and authorises the Board of Directors of the Company to offer or invite subscription for Secured Non-convertible Debentures, as may be required by the Company, from time to time for a year from the date of passing this resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.10 of the Notice.

The Directors, therefore, recommend the resolution set forth in item no. 10 for the approval of the members.

By order of the Board of Directors

(J. B. Sharma)
Company Secretary

Date: 8th August, 2018
Place: Mumbai

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

Name	Shri Umesh Vasant Dhatrak (DIN: 07718394)	Shri Sudhir D. Panadare (DIN: 07933191)	Shri Umesh Dongre, (DIN: 08039073)	Ms. Alka Tiwari (DIN: 03502306)	Ms. Gurveen Sidhu (DIN:08121526)
Age	58 years	57 years	56 years	52 years	50 years
Date of Appointment	14.09.2017	18.12.2017	09-02-2018	06.03.2017	18.05.2018
Qualification	B.E.(Mechanical)	B.E. (Chemical)	Indian Cost Accounts Service and CMA from the Institute of Cost Accountants of India	Graduate (English); P.G. (Psychology) & IAS	IA & AS, CIA, CA
Terms & Conditions of appointment	Appointed as Chairman & Managing by President of India through Ministry of Chemicals & Fertilizers.	Appointed as Director (Technical) by President of India through Ministry of Chemicals & Fertilizers.	Appointed as Director (Finance) by President of India through Ministry of Chemicals & Fertilizers.	Appointed as Part-time Official Director by President of India through Ministry of Chemicals & Fertilizers.	Appointed as Part-time Official Director by President of India through Ministry of Chemicals & Fertilizers.
Expertise in specific functional area	Shri Dhatrak has rich experience in Technical Services, Ammonia plants, Urea Plant & Power Plant, Steam Generation Plant, Bagging, Plant Health Services Dept. etc. and in development of the projects of the Company	Shri Panadare has rich experience in Technical Services, Ammonia plants, Urea Plant & Chemical Plants etc. and in development of the projects of the Company	Shri Dongre has a very rich and varied experience in various facets of Financial Management.	Ms Tiwari is a 1988 batch of IAS officer and is presently Joint Secretary, Department of Fertilizers, Ministry of Chemicals and Fertilizers, New Delhi. She has varied and rich experience in Government, in different positions, and has great managerial capabilities	Ms. Sidhu is 1995 batch IA&AS officer presently posted as Joint Secretary, Department of Fertilizers. She has done CIA and CA. She has a rich experience of working in the fields of accounts & entitlement, civil audit, receipt audit, commercial audit, etc. She has varied and rich experience in Government, in different positions, and has great managerial capabilities.
Details of remuneration last drawn (Financial year 2017-18)	₹20.50 Lakh	₹12.79 Lakh	₹5.00 Lakh	Nil	Nil

Name	Shri Umesh Vasant Dhatrak (DIN: 07718394)	Shri Sudhir D. Panadare (DIN: 07933191)	Shri Umesh Dongre, (DIN: 08039073)	Ms. Alka Tiwari (DIN: 03502306)	Ms. Gurveen Sidhu (DIN:08121526)
Number of Meetings of the Board held during the year and number of Board Meetings attended	8/8	4/4	2/2	8/13	Nil
Relationship with any other Director, Manager and other KMP of the Company	N.A.	N.A.	N.A.	N.A.	N.A.
Directorship held in other companies	a. Talcher Fertilizers Limited b. Urvarak Videsh Limited c. The Fertiliser Association of India d. Heavy Water Board	Talcher Fertilizers Limited	The Fertilisers And Chemicals Travancore Limited	The Fertilisers And Chemicals Travancore Limited	The Fertilisers And Chemicals Travancore Limited
Memberships/ Chairmanship of Committees in other Companies	Nil	Nil	Nil	Nil	Nil
No. of Shares held	100	Nil	Nil	Nil	Nil

DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting this 40th Annual Report on the working of your Company together with the Audited Accounts for the year ended 31st March, 2018.

FINANCIAL PERFORMANCE

₹ Crore

Particulars	2017-18	2016-17
Total Revenue	**7379.87**	**7291.15**
Total Operating Cost	**7051.90**	**6807.34**
Operational Profit	**327.97**	**483.81**
Depreciation/Impairment	137.04	141.10
Finance Cost	62.59	93.98
Profit before exceptional items	**128.34**	**248.73**
Exceptional Items	0.12	0.00
Profit before Tax	**128.22**	**248.73**
Provision for Tax (including deferred Tax liability/ Asset)	49.42	69.47
Net Profit	**78.80**	**179.26**
Retained Earnings		
Less: Dividend Paid (Previous Financial Year)	**60.69**	**60.69**
Less :Dividend Distribution Tax	**12.35**	**12.35**
Add: Re-measurement of Defined Benefit Plan	**(8.57)**	**0.79**
Less: Balance Transferred to / (from) General Reserve	**(2.81)**	**107.01**

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

a. Your Company has crossed the reassessed level of production of 17.07 LMT in respect of Thal Urea, however falling IPP of Urea has impacted the operating Margins of production of Urea beyond Reassessed capacity.

b. Recognisation of provision towards wage revision along with increase in retirement obligations on accounts of increase in gratuity limit as per statutory requirements.

c. Threat from cheaper imports impacted margings of Industrial Products adversely.

MEMORANDUM OF UNDERSTANDING WITH GOVERNMENT OF INDIA

Your Company has been entering into a Memorandum of Understanding (MoU) with the Ministry of Chemicals & Fertilizers, Government of India, setting the performance parameters and targets every year. Your Company has consistently maintained "Excellent" MoU performance rating over the years. Despite Company achieving higher production and better energy efficiency, it could secure"Good" rating for the year 2016-17 which was mainly on account on certain financial targets which stood impacted owing to reasons beyond Company's control.

The performance rating for 2017-18 MoU is yet to be finalised by the Government.

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 ₹ 0.60 (i.e. 6%) per equity share (Previous year ₹1.10 per equity share) for the financial year 2017-18. The total outgo on this account works out to ₹39.91 Crore (₹ 73.04 Crore in the previous year) including dividend distribution tax and education cess. The dividend payout is subject to the approval of members at the ensuing Annual General Meeting.

APPROPRIATION TO GENERAL RESERVES

Your Company earned a net Profit after Tax of ₹ 78.80 Crore (₹179.26 Crore in the previous year). The dividend payout along with Tax and education cess pertaining to FY 2016-17 was ₹73.04 Crore (₹73.04 Crore in the FY 2015-16). The balance amount of ₹(2.81) Crore (₹107.01 Crore in the previous year 2016-17) was transferred to / (from) General Reserves.

AWARDS WON

As in the past, your Company has won many awards during the year 2017-18, some of which are as under:

Trombay unit

- FICCI Award for "Efficiency in Water Usage in Chemical Sector" for the year 2016-17.
- Certificate of Merit for "ICC Award for Excellence in Energy Conservation and Management" for the year 2015-16.

- "2nd Prize" in Chemical Sector from Maharashtra Energy Development Agency (MEDA) for the year 2016-17.
- "Certificate of Merit Award" for the year 2016-17 for Corporate Fair Business Practices (CFBP) in large enterprises sector organized by Jamnalal Bajaj Institute of Management.
- Mr. Suhas D. Kadam, Sr. Fire Operator has been awarded Chhatrapati Shivaji Award for the year 2014-15 for Kabaddi Sports Coach by Government of Maharashtra in February 2018.
- In 28th National Meet of WIPS at Guwahati, Dr. (Mrs) Utpala K. Baviskar, Sr Manager (R&D) has been awarded first Prize for "Best Woman Employee (Executive)" for the year 2017 by Forum of Women in Public sector (under the aegis of SCOPE) by Honourable Chief Minister of Assam, Shri. Sarbananda Sonowal on 12th February 2018.
- In 28th National Meet of WIPS at Guwahati, Smt. Rajshri Kadam, Executive Operator (Environment Cell) has been awarded first Prize for "Best Woman Employee (Non-Executives)" for the year 2017 by Forum of Women in Public sector (under the aegis of SCOPE) by Honourable Chief Minister of Assam, Shri. Sarbananda Sonowal on 12th February 2018.
- Won various awards at the horticulture exhibition held by Brihan Mumbai Municipal Corporation in February 2018 as indicated below:
  - First prize for tree plantation below 100 trees category at Type-I RCF colony.
  - First prize for tree plantation above 100 trees category inside RCF factory.
  - First prize in Traffic Island Garden category for best Garden maintained at Panjarapol .
  - Second Prize for Best Garden Maintained in above 3000 sq. meter category at TDP VIP Road inside RCF Factory.
  - Consolation Prize for on the spot Landscape category.

Thal Unit

- Green leaf award of International Fertiliser Association 2017 for "Excellence in safety Health and Environment".
- Highest achiever award in Energy savings for PAT Cycle-I by Bureau of Energy Efficiency(BEE) .
- First prize in 12th state level award for "State level Excellence in Energy Conservation & Management" for the year 2016-2017 from Maharashtra Energy Development Agency (MEDA), Govt. of Maharashtra.
- Five star green rating from Maharashtra Pollution Control Board (MPCB) for air quality for second consecutive year.
- First prize for "Best plant performance award" amongst all Heavy Water Plants (HWP) for the year 2017.
- National Safety Council (NSC) Award for Longest Accident free days for the year 2017
- National Safety Council (NSC) Award to HWP, Thal for ZERO accident for the year 2017.'Maharashtra Icon Award 2017" by Social trust " Always Helping Hand".
- Third prize for " Excellence in the Suggestion Scheme" in INSAAN National convention.
- Shri P.R.Kamat, DGM (HWP) has been awarded " Merit Award" for Best Evaluator Contest in INSAAN National convention,.
- First prize by Brihanmumbai Municipal Corporation for "Vegetables Grown in Container" during exhibition for Saplings,Fruits and Vegetables grown in container.
- First prize by Thane Municipal Corporation for " Vegetables Grown in Container" during exhibition for Saplings,Fruits and Vegetables grown in container.

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

- Vigilance Department in RCF has received an "Award of Excellence for 2017" for best case study by Hon'ble Shri K. V. Chowdary, Central Vigilance Commissioner at the Annual function of Vigilance Study Circle, Mumbai.

OFFER FOR SALE BY THE GOVERNMENT OF INDIA TO THE PUBLIC

During the year, Government India has made Offer for Sale of 2,75,84,405 equity shares of the Company, representing

5% of the total share capital of the Company in line with the directive of SEBI to maintain all time at least 25% of minimum public shareholding.

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

OPERATIONAL RESULTS:

Production:

Fertilizers:

Your Company produced 29.80 lakh MT of fertilizers (25.02 lakh MT of Urea and 4.78 lakh MT of Suphala 15:15:15) during the year as against 30.17 lakh MT of fertilizers (25.52 lakh MT of Urea and 4.65 lakh MT of Suphala 15:15:15) produced during the previous year. In terms of nutrients, your Company produced 12.23 lakh MT of Nitrogen (N), 0.72 lakh MT of Phosphate (P^2O^5) and 0.72 lakh M T of Potassium (K^2O) during the year as compared to 12.44 lakh MT of Nitrogen (N), 0.70 lakh MT of Phosphate (P^2O^5) and 0.70 lakh M T of Potassium (K^2O) during the previous year.

MARKETING PERFORMANCE

Fertilizer Division:

Your Company achieved sales volume of 30.64 lakh MT during 2017-18 as compared to 31.87 lakh MT during the previous year. Your Company sold 25.10 lakh MT of Urea, 4.68 lakh MT of Suphala 15:15:15, 0.03 lakh MT of Suphala 20:20:0 and 0.83 lakh MT of other bought out products such as DAP, MOP etc., compared to 25.63 lakh MT of Urea, 4.76 lakh MT of Suphala 15:15:15, 0.05 lakh MT of Suphala 20:20:0 and 1.43 lakh MT of other bought out products during the previous year. The Total sale of manufactured fertilizers during 2017-18 was 29.81 lakh MT as against 30.44 lakh MT during the previous year.

Sales of manufactured fertilizers registered reduction of 2.07% over previous year owing to poor agro-climatic conditions and glut of fertilizers in the market.

Industrial Products Division:

Industrial Products Division achieved sales turnover of ₹878 Crore as against ₹919 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, 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.

Exports:

Considering the nature of products manufactured by your Company and indigenous demand, the scope for export is very limited. High cost of production is the main restraining factor for venturing in the international market, as it renders our products unviable compared to lower cost of imports of similar products. However, your Company has been successful in popularizing our ABC brand in the overseas market through third party export. During financial year 2017-18, your Company has done third party export of ABC to the tune of ₹ 41.06 lakh as against ₹37.74 lakh during the previous year.

RISK MANAGEMENT

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

MAJOR EXPANSION AND DIVERSIFICATIONS:

Your Company is planning to undertake major projects as under:

Ongoing Projects

Sewage Treatment Plant (STP) at Trombay

Water supply situation in Mumbai is getting more and more difficult day by day. Ensuring water availability has become critical for the smooth functioning of the Trombay unit given the competing demand for water in the city. Recognizing this, your Company is setting up another new Sewage Treatment Plant (STP) adjacent to the existing STP with a capacity to treat 22.75 Million Litres per Day (MLD) of Municipal Sewage to produce about 15 MLD of treated water. A portion of the treated water will be supplied to M/s Bharat Petroleum Corporation Ltd. (BPCL), on mutually agreed terms. Estimated project capital cost is about ₹ 209 Crore and work is underway. The project is expected to be commissioned by April 2019.

Gas Turbine Project at RCF Thal:

New Energy Norms have become effective for Thal Unit from 01.04.2018 which has adversely impacted the profitability of your Company. To reduce the impact on profitability due to revision in energy norms, your Company intends to further reduce the specific energy consumption in its Ammonia and Urea Plants at Thal. As a step in this direction, your Company has set-up and commissioned Gas Turbine (GT) of 2 x 25 MW along with Heat Recovery Steam Generator (HRSG) of 2 x 100 MTPH capacity in April 2018. As a part of this project, some of the steam turbine drives are replaced with motors. The estimated energy saving is 0.35 Gcal/MT of Urea and estimated project cost is ₹494 Crore. Energy saving of about 0.30 Gcal/MT of Urea is expected to be achieved as result of project executed till date and rest will be achieved by March, 2020 after installation of new motor driven ARC compressor.

New Process Air Compressor at Thal:

Installation of one new higher capacity PAC-IV with GT-HRSG for energy saving is under consideration. Energy saving expected is 0.21 Gcal/MT of Urea. Project is expected to be completed by October, 2020 at an estimated cost of ₹346.88 Crore.

VAM unit for Process Air Compressor at Thal:

PAC-I / II suction air chilling for energy saving shall be implemented. Energy saving is expected to be 0.009 Gcal/MT of Urea. Project is expected to be completed in 2018-19 at estimated cost of ₹13 Crore.

Revamp of CO2 compressor at Thal:

Revamping of CO2 compressors and turbines in all the three units is planned with investment of ₹138 Crore. Revamping of CO2 compressor is completed for Urea 11 unit in Feb. 2018. For balance two units, revamping is expected to be completed by October, 2018. Estimated energy saving is 0.11 Gcal/MT of Urea.

VAM unit for CO2 Compressor at Thal:

Installation of VAM for CO2 compressor suction cooling at estimated cost of ₹9.95 Crore has been planned. Expected energy saving is 0.009 Gcal/MT of Urea. Scheme shall be completed in 2018-19.

VFD for HP Ammonia Feed pump at Thal:

Installation of variable frequency drive on HP Ammonia feed pumps for power saving at estimated cost of ₹6.60 Crore has been planned. Saving expected is 0.012 Gcal/MT of Urea. The project is expected to be commissioned by September 2019.

Trombay Urea-V Plant Revamp (Casale Scheme):

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

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

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

Trombay Ammonia V Plant Revamp (KBR Scheme):

Your Company is implementing energy improvement schemes in Ammonia V plant at a total estimated investment of ₹101.88 Crore. The Basic Engineering is being done by KBR, USA and Detail Engineering shall be done by PDIL, India. The scheme is envisaged to result in energy saving of 0.36 Gcal/MT of Ammonia. The project is expected to be commissioned by April 2020.

Gas Turbine at Trombay:

Your Company intends to install Gas Turbines (GT) of 2 x 25 MW ISO along with Heat Recovery Steam Generator (HRSG) of 2 x 65 MTPH capacity, with an aim to reduce the specific energy consumption in Ammonia and Urea Plants at Trombay. LoI is placed on M/s Thermax for implementing the project on LSTK basis. Site preparation activities started. Estimated project capital cost is ₹427 Crore. Expected Energy Saving is 0.3 Gcal/MT of Urea and expected completion by April 2020.

Joint Venture Projects:

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 and 3850 MTPD Urea plant, at FCIL, Talcher, Odisha based on coal gasification technology. North of Arkhapal Coal mine is allotted for this project. A joint venture company 'Talcher Fertilizers Limited' has been incorporated for establishing and operating Coal Gasification based fertilizer complex. Land and certain facilities needed for the project will be provided by FCIL. The project will utilize state-of-the-art Coal Gasification Technology from M/s Shell Eastern Pte Ltd. (Now Air Products & Chemicals Inc.).

The estimated Project capital cost excluding Coal mine development cost is approx. ₹11611 Crore (your Company's equity share is ₹1033.53 Crore).

Detail Feasibility Report based on estimate is approved by TFL Board. For the investment of this tune for your Company, the approval from CCEA (Cabinet Committee on Economic Affairs) is required. Meanwhile, Department of Expenditure has given us the permission for equity infusion of ₹147 Cr. in the project for contributing towards critical activities. Also, Department of Fertilizers alongwith NITI Aayog has provided comfort letter to us for 12% post tax project IRR.

LSTK tender has been floated for Coal Gasification which is opened and is under technical scrutiny. Also LSTK tender has been floated for Ammonia-Urea plant. Tender for offsite Utilities & power plant is being floated shortly.

The project is of strategic importance for the country as it aims to make breakthrough for an alternative source of feedstock in the form of abundantly available coal from domestic sources. Success of this project is expected to be a game changer and shall pave a way forward to the production of chemicals and fertilizers from abundantly available coal resulting in less dependency on RLNG imports. It will also help in meeting much needed Urea production capacity for the eastern part of the Country.

Iran JV Project:

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

Algeria JV Project:

India mostly depends on imports for meeting its requirements of phosphatic fertilizers and raw material for phosphatic fertilizer industry. On the other hand Algeria is blessed with huge reserves of Rock phosphate. Therefore, both the countries intend to join hands for development of Rock phosphate mines. Your Company, along with National Fertilizers Limited (NFL), Gujarat State Fertilizers and Chemicals Limited (GSFC) and NMDC Limited (NMDC) is exploring possibility of:

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

Estimated Project Cost is ₹5,000 Crore. The project is currently in exploratory stage.

Namrup IV Project at Brahmaputra Valley Fertilizer Corporation Limited (BVFCL):

Department of Fertilizers (DoF) has nominated your Company for 52% equity in Namrup IV project in BVFCL, along with Oil India Ltd., Govt. of Assam and BVFCL holding 26%, 11% and 11% equity respectively in joint venture for revival of Namrup unit of Brahmaputra Valley Fertilizer Corporation Limited.

The proposed project entails setting up an Urea plant with an annual capacity of 1.27 Million MT. The estimated Project Cost is ₹6927.51 Crore

SUBSIDIARY AND OTHER JOINT VENTURE COMPANIES

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

Joint Venture Company

FACT-RCF Building Products Ltd. (FRBL), 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 your Company 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. Despite the company is not reporting profits, this project has very good potential and therefore your Company would continue to support it in the coming years.

Urvarak Videsh Limited (UVL)

Urvarak Videsh Limited (UVL) was incorporated on 18th July, 2008 as 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, 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 the keeping the status of the company as active was not serving any purpose. As and when proper opportunities arise in future, business activities can be started by the company by reverting its status as active company.

Talcher Fertilizers Limited (TFL)

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 for revival of FCIL's fertilizer unit at Talcher by establishing and operating coal gasification based fertilizer complex. The equity participation of RCF, CIL and GAIL is 29.67% each and that of FCIL is 10.99%. The company is yet to start its operations.

During the year, the your Company has infused ₹5 Crore in TFL.

Consolidated Financial Statement

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

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

SUMMARY OF FINANCIAL PERFORMANCE

₹Crore

Particulars	**2017-18**	**2016-17**
Total Revenue	**7379.87**	**7291.15**
Total Operating Expenses	**7051.90**	**6807.34**
Operational Profit	**327.97**	**483.81**
Depreciation/Impairment	137.04	141.10
Finance Cost	62.59	93.98
Share /(loss) of Associates/JVs	0.02	(0.01)
Profit/ (Loss) before tax	**128.36**	**248.72**
Exceptional Item	0.12	0
Provision for Tax (including deferred Tax liability/ Asset)	49.42	69.47
Net Profit / (loss) after tax	**78.82**	**179.25**

RESEARCH AND DEVELOPMENT

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

More from Less-Nanofertilizers

With this theme the nanofertilizer research is progressing at a good pace at R&D department. Many trials were conducted with nanofertilizers in the in-house field, farmers field and at Research Institutes. The effects of these experiments are supporting for commercialization of these fertilizers.

Concrete efforts were done for the development of Nanoorganic fertilizers with biologically synthesized nanoparticles. This formulation will be applied for patent by the year 2020.

Trials are being conducted at Indian council of Agriculture Research (ICAR) institute –Indian Agriculture Research Institute (IARI), Pusa, New Delhi on wheat and paddy cropping system. The trial will be conducted for a period of two years i.e. till June, 2019.

A paper on "Impact of Nitrophosphate-Nanoparticle composites on Spinach growth and nutrient use efficiency" was presented at 'Nanotech France" at Paris, France by R&D Scientist in June 2017.

Soil health management and Balanced Nutrition

Training programmes were conducted by R&D for farmers in various parts of Maharashtra state. Farmers field demonstration were undertaken during these programs.

Field trials were conducted at Islampur District Satara, on soybean crop. The effective use of package of nutrients and the importance of soil testing was demonstrated. Similar trials were conducted at Nasik on rose and grapes, Solapur on Pomegranate, Pune on wheat and onion. Explicit effect of package of nutrients was seen on the crop productivity in all the trials.

The outcome of the studies conducted on Pomegrnate crop growth and yield in Solapur district of Maharashtra, was published in Indian Journal of Agriculture Research. The paper was entitled "Study on nutrient package for pomegranate (Puncia granatum L)".

Wealth from Waste - Composting

With the initiatives of Government of India and also the norms of State Government for solid waste management, composting is being carried out by R&D unit. Biodegradable waste material is being converted to good quality compost.

This compost is being internally utilized by the horticulture departments for various gardens at your Company.

During the year 2017-18, 61 MT of quantity of compost was prepared successfully.

ENVIRONMENT MANAGEMENT AND POLLUTION CONTROL

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

Your Company has established ISO 14001 compliant Environment Management System (EMS) and IFA Protect & Sustain Product Stewardship System of international standard for environment protection, Safety and product security at its both the manufacturing units covering aspects of products in Agriculture farm and end users. The Systems are constantly upgraded and regular internal audits and Management Reviews are carried out to ensure compliance and continuously improve the system. Apart from Stack monitors, which continuously monitor the emissions, four fixed ambient air quality monitoring stations are in place, at both Trombay and Thal, to monitor ammonia, NOx, SO2, Particulate matter (PM10 & PM2.5) & metrological parameters. Both units of RCF are connected to MPCB and CPCB servers for continuous on line data of stack and effluent parameters.

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

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

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

Trombay and Thal units have taken up a massive plantation drive in factory premises, in residential colony and surrounding areas and together planted 4315 numbers of trees in the year 2017-18.

For increasing awareness regarding environment and safety, public awareness campaign programmes are arranged by Trombay and Thal units by providing demonstrations to local youth, college and school students and household members in the adjoining localities.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As part of its initiatives under "Corporate Social Responsibility', the Company has undertaken several projects in the areas of rural development, promoting health care and education aimed for the benefit of needy and for general good of the society. These projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR policy. The report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as **Annexure–I** and forms an integral part of this report. During the year, your Company has spent ₹7.79 Crore on CSR activities. The activities, in brief, are as under:

Education:

a. Schools

Your Company supports schools, at its both the units, which impart education in Marathi, Hindi and English medium 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.

b. Scholarship to meritorious students

Your Company offers a number of scholarships to students of SC / ST/ OBC communities for pursuing studies. Lodging, Boarding and Education expenses of selected students at Shivaji Military school, Pune is borne by your Company under this scheme. Your Company is also providing scholarship to 110 SC / ST students of drought affected area of Marathwada (Maharashtra).

c. Supply of Mid-Day Meal

Your Company is supplying nutritious Mid-Day Meal to needy children studying in twenty five unaided schools, in and around Trombay area. The scheme is implemented through an NGO, 'ISKCON Food Relief Foundation' which supplies good and healthy meal to the children on behalf of RCF. In all, 8404 students are availing the benefit of this nutritious mid-day meal.

d. Programme for underprivileged Children

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

e. 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 30 underprivileged talented students of Maharashtra state are provided free residential coaching for 11 months to enable them to get admission in IIT / NIT and other premier engineering colleges. This year, 24 students were successful in the JEE mains examination.

f. Distribution of Navneet Guide

Your Company has distributed 1350 sets of Navneet Guides to 10th Standard students in the schools in slum area around Trombay Unit and rural area around Thal Unit.

Supply of drinking water to the villages

Your Company has been providing drinking water for last 23 years to seven villages around Thal unit through pipelines laid down from the water reservoir in the unit and spent about ₹ 38.56 lakh on this account during the year. More than 15,700 residents of the villages got benefited of the scheme.

Community Medical Facility- Running of Mobile Medical Van

Your Company in collaboration with Wockhardt Foundation, is running mobile medical van at Thal, Alibagh and Chembur, Mumbai. Total three such medical vans (one at Chembur and two at Thal) were running during 2017-18. At Thal, on an average seven villages are covered in weekly cycles by a Mobile van and patients are benefitted from free medical services including supply of medicines. Through this facility, ailments like Malaria, Hepatitis, Dengue, Typhoid, Diabetes etc., are treated on regular basis. The Medical Van is accompanied with one MBBS doctor and one assistant. One medical van attends to approximately 25,000 patients per annum.

Construction of Bandhara

To enhance water level, your Company has provided financial assistance for construction of Bandhara at Shendurjane, Koregoan, District-Satara.

Rural Sports

Your Company has supplied sports material and organised district level Adivasi Kabbadi Tournament wherein more than 1000 Tribals participated.

Livelihood enhancement projects

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

Repair of Roads

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

Sanitation, Public Health & Cleanliness and other CSR Projects

Your Company is maintaining Bio-toilets at gate No.2 of Trombay factory for Truck Drivers and cleaners through Wockhardt Foundation. In association with World Confederation of Warriers and Heal Foundation, Free Medical Check Up and Eye Check Up camps, Cataract operations for economically backward patients have been organized in and around Tromaby and Thal.

Your Company is also conducting various CSR projects like:- providing drinking water in School, beautification of Ashish Lake, financial assistance for the construction of ST students hostel, construction of toilets, providing medical facilities to elderly patients, construction of bore-well, providing oxygen machine to needy patients, handing over of five garbage disposable vans to Thal, establishment of

Mini Science Centre at School, construction of Bazar Shed, support to Vrudhrashram, strengthening of Thal Nagoan Creak Bridge, installation of High Mast Tower, financial assistance for AIDS documentary, renovation of community centre.

CPSE CONCLAVE

Department of Public Enterprises (DPE) has embarked on a collaborative exercise for re-defining the role and functioning of Central Public Sector Enterprises (CPSEs) in the context of challenges and expectations emerging from broad vision of 'New India-2022'. This exercise had culminated in the CPSE Conclave "New India - Vision 2022" held on 9th April, 2018 at Vigyan Bhavan, New Delhi which was addressed by Hon'ble Prime Minister.

In line with the directions given by Hon'ble Prime Minister at the conclave, DPE has prepared broad framework of action plan comprising of objectives, actionable points, metric and responsibility and have circulated the same amongst all CPSEs for developing Company specific actionable points and targets to be achieved by 2019 (short-term) and long-term (to be achieved by 2022).

In line with above, your Company has prepared the Company specific actionable points with targets and has been working on achieving the same. The actionable points are pertaining to contribution towards import substitution, minimizing the import bill of the Country, JV projects for overseas investment, contribution towards Government initiatives such as Digital India, hand-holding of MSEs, skill India movement, supporting start-ups, development of township as mini smart city, promotion of R&D activities etc.

MICRO, SMALL AND MEDIUM ENTERPRISES

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

With concerted efforts, your Company has been able to achieve 23.66 % procurement from Micro and Small Enterprises (MSEs) during 2017-18, out of total procurement of Goods and Services excluding raw materials, gas, water, electricity, catalyst & proprietary items which cannot be procured from MSEs.

SUSTAINABLE DEVELOPMENT

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

New Sewage Treatment plant

Your Company is running Sewage Treatment Plant (STP) at Trombay Unit. The existing plant is based on conventional Activated Sludge Process followed by Reverse Osmosis (RO). The plant treats around 22.75 Million Litres per Day (MLD) of sewage received from MCGM which otherwise would have been drained in to the sea after required treatment. The plant generates about 15 MLD of treated water which is being used in our plants as process water. Existing STP meets about 55-60% of process requirement of our Trombay Unit.

Your Company and M/s Bharat Petroleum Corporation Limited (BPCL), are setting up a new Sewage Treatment Plant (STP) at RCF, Trombay. New Sewage Treatment Plant will be based on latest Membrane Bio-Reactor (MBR) Technology with design capacity to treat 22.75 Million Litres per Day (MLD) of Municipal Sewage to produce about 15 MLD of treated water. The treated water shall be shared by your Company and BPCL. This project is a Sustainable Development Project as it will treat waste sewage generated in the city and convert it into treated water.

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

Solar Power Plant

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

Your Company has set up a 2 MWp ground mounted Photovoltaic Solar power plant within the factory premises in Trombay Unit in January 2016. The plant has generated 2990 MWh of power which was utilised for captive consumption.

In addition to above, your Company has commissioned solar rooftop facilities at Thal, Trombay & Soil Testing labs with an aggregate capacity of 1.29 MWp.

The green power generated by solar plants replaces the conventional power generated through burning of fossil fuels leading to reduction in overall Greenhouse gas emissions.

During the year 2017-18, your Company has generated 4426 MWh of solar power.

Your Company is targeting to take up many more Sustainable Development activities in the near future.

VIGILANCE

Vigilance Department is headed by Shri T.V. Reddy, IFS who holds the charge of Chief Vigilance Officer of RCF. CVO has been assisted by a team of Officers drawn from various functional departments and placed at corporate office in Mumbai and also at Thal. The activities of Vigilance department cover the Corporate Office, Trombay Unit, Thal Unit and all the Marketing Offices situated throughout the country. In line with the CVC guidelines, thrust of the Vigilance in the company is to bring greater transparency, fairness and efficiency in award of works and their execution.

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

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

Vigilance Department conducted the Vigilance Awareness Week from 30th October to 4th November 2017 as per the CVC guidelines and involved school and college students from Mumbai & Thal which helped in spreading the Vigilance Awareness. Integrity club has been established in a Mumbai School for motivating students and the community on moral issues.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis report for the year under regulations 34(2)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015(Listing Regulations), 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.

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.

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.

AUDITORS

a. STATUTORY AUDITOR

The Comptroller and Auditor General of India (CAG) has appointed, M/s. Kalyaniwalla & Mistry LLP, (Firm Registration Number 104607W) and M/s. Chhajed & Doshi (Firm Registration Number 101794W) as Joint Statutory Auditors of your Company for the financial year 2017-18. The Auditors would be retiring at the conclusion of the Fortieth Annual General Meeting.

There are no qualifications, reservations or adverse remarks made by Statutory Auditors, in their report.

The Statutory Auditors for the financial year 2018-19 will be appointed by the CAG. However, their remuneration is required to be fixed at the AGM by the members.

b. COST AUDITOR

Your Directors, on the recommendation of Audit Committee, has appointed Mr. Rohit J. Vora, Cost Accountants (Firm Registration No. 5740), Mumbai as Cost Auditors to audit the cost accounts of the Company for the year 2018-19 on a remuneration of ₹ 2.00 lakh excluding applicable taxes. As required under the Companies Act, 2013, the remuneration payable to cost Auditor is required to be placed before the members in a general meeting for their ratification. Accordingly, a resolution seeking Members' approval for the remuneration payable to Mr. Rohit J. Vora as Cost Auditors forms part of the notice convening the Annual General Meeting for their ratification.

c. 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 the following observations in their Secretarial Audit Report:

a) The Board of Directors comprises eight directors, constituting of three Executive Directors (including the Chairman & Managing Director); two Nominee Directors and three Independent Directors. As per the reg. 17(1) (b) of the Listing Regulations and clause 3.1.4 of DPE Guidelines on Corporate Governance for Central Public Sector Enterprises, the Chairman being an Executive Director, at least half of the Board of Directors should be comprised of Independent Directors. Thus, the Company does not have the requisite number of Independent Directors on its Board.

b) Performance evaluation of Independent Directors was not carried by the Board as required under regulation 17(10) of the Listing Regulations.

Explanations on observations made by Secretarial Auditors in seriatim are as under:

a. The Company is a CPSE under the administrative control of the Ministry of Chemicals and Fertilizers, DoF, Government of India and its Directors on the Board are nominated / appointed by the President of India. The Company is continuously pursuing with the Government of India for the appointment of requisite number of Independent Directors on the Board in order to comply with the provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

b. Ministry of Corporate Affairs vide notification dated 5th June, 2015 has exempted the same for Government Company under Section 134(3)(e),(p), 178(2), 3 and (4) of the Companies Act, 2013. However, the Company will ensure in future the compliance regarding the performance evaluation of Independent Directors in line with Regulation 17(10) of the Listing Regulations.

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.

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, 2018 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, 2018 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.

CORPORATE GOVERNANCE

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.

COMPLIANCE OF CORPORATE GOVERNANCE GUIDELINES ISSUED BY DEPARTMENT OF PUBLIC ENTERPRISES

DPE, Government of India, has laid down certain parameters for the purpose of grading the CPSEs on the basis of their compliance with guidelines on Corporate Governance and this report needs to be submitted to the Government on quarterly/annual basis. Your Company has been complying with the Guidelines on Corporate Governance for CPSEs laid down by DPE and regularly submits reports to the Government. DPE issued 'Excellent Rating' to your Company for the year 2016-17.

INTERNAL FINANCIAL CONTROL OVER FINANCIAL REPORTING

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

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

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of Management and Directors of the Company; and

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

DIRECTORS & KEY MANAGERIAL PERSONNEL

Shri Umesh V. Dhatrak (DIN 07718394) has been appointed as Chairman & Managing Director of the Company w.e.f. 14th September, 2017.

Shri Sudhir D. Panadare (DIN 07933191) has been appointed as Director (Technical) of the Company w.e.f. 18th December, 2017.

Shri Umesh Dongre (DIN 08039073) has been appointed as Director (Finance) & CFO of the Company w.e.f. 9th February, 2018.

Ms. Gurveen Sidhu (DIN 08121526) has been appointed as Government Nominee Director w.e.f.18th May, 2018.

Shri Suresh Warior (DIN 06920261), Director (Finance) and CFO ceases to be Director on the Board on his superannuation on 1st December, 2017.

Shri Bharatkumar Barot (DIN 07552993), Independent Director ceased to be Director of the Company w.e.f. 24th November, 2017.

Shri Sushil Kumar Lohani (DIN 06912948) ceases to be Government Nominee Director on the Board w.e.f. 18th May, 2018.

Shri J. B. Sharma appointed as Company Secretary and Compliance Officer in place of Shri D. M. Sati w.e.f. 1st October, 2017.

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

As per Section 152 of the Companies Act, Ms Alka Tiwari (DIN 03502306), Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer herself for reappointment.

DECLARATION OF INDEPENDENCE

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

COMMITTEES OF THE BOARD

The Company's Board has the following committees:

i. Audit Committee

ii. Stakeholders Relationship Committee

iii. Share Transfer Committee

iv. Nomination and Remuneration Committee

v. Committee on Corporate Social Responsibility (CSR)

vi. Empowered Committee for Procurement.

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

COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND RELATED DISCLOSURES

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

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

Similarly, section 197 of the Companies Act, 2013 requiring disclosure of ratio of the remuneration of each director to the median employee's remuneration and other such details including the name and other particulars of every employee of the company, who if employed throughout/part of the financial year, was in receipt of remuneration in excess of the limits set out in the rules, are not provided in terms of section 197 (12) read with rule 5 (1) (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, being not applicable to a Government company as per notification dated 5th June, 2015 issued by Ministry of Corporate Affairs.

MEETINGS OF THE BOARD

Thirteen (13) Board Meetings were held during the year. The details of the Board Meetings held during the financial year 2017-18 are provided in the Corporate Governance Report.

BOARD EVALUATION

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

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.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

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

RELATED PARTY TRANSACTIONS

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

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

The details of the investment in equity made by the Company as on 31st March, 2018 is as under:

₹ Crore

1	FACT-RCF Building Products Limited	32.87 *
2	Urvarak Videsh Limited	0.18 *
3	Talchar Fertilizers Limited	5.02
	Total	**38.07**

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

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

INTER CORPORATE DEPOSIT

In connection with one time settlement entered into with Dena Dank, the Company has paid ₹ 12 crore to Dena Bank as one time settlement which includes an amount of ₹ 6 crore being the share of The Fertilisers and Chemicals Travancore Limited, the joint venture partner in FRBL. This amount is shown as inter corporate deposit given.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT- 9, as required under section 92 of the Companies

Act, 2013, is annexed as **Annexure V** and form an integral part of this report.

BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34 (2) (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility Report initiatives taken from an environmental, social and governance prospective in the prescribed format is available as a separate section of the Annual Report and forms an integral part of this report. Business Responsibility Report is also available on the Company's website www.rcfltd.com.

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

[Umesh V. Dhatrak]
Chairman & Managing Director

Place: Mumbai
Date: 8th August, 2018

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/webdocs/847/2015/12/CSR_Policy.pdf
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:	₹ 38657 Lakh
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above):	₹ 773.14 Lakh
5.	Details of CSR spend for the financial year:	
a.	Total amount spent for the financial year	₹ 779.32 Lakh
b.	Amount unspent, if any:	Nil

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

Sr. No.	Project CSR Projects/ Activities Identified	Sector in which Project is covered	Locations Districts (State)	Amount outlay (budget) project or program wise ₹ / lakh	Amount spent on the project or programs. Sub heads (1) Direct expenditure on project or program (2) Overheads ₹ / lakh	Cumulative Expenditure up to the reporting period ₹ / lakh	Amount spent direct or through implementing agency
1	Distribution of Mid Day Meal to non aided Schools.	Education	Trombay and Chembur, Mumbai (Maharashtra)	152	144.43	144.43	ISKCON Food Relief Foundation
2	Running Mobile Medical Van.	Healthcare	Thal and Trombay (Maharashtra)	87	94.9	94.9	WOCKHARDT Foundation
3	To instil moral and ethical values among underprivileged slum children through project - Khel Khel Main.	Education	Trombay and Chembur, Mumbai (Maharashtra)	15	15	15	WOCKHARDT Foundation
4	CSR Impact Assessment study.	Monitoring and Evaluation	Mumbai, Maharashtra	4	4.04	4.04	CRUX Management Services
5	Construction of Cowshed through Ekalavya Foundation.	Rural Development	Gingurthi village in Tandur Mandal, Telangana	20	20	20	EKLAVYA Foundation.

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6	To provide one year free residential coaching to 30 meritorious deprived students to crack JEE mains and advance through project RCF Super 30.	Education	Students from various Districts in Maharashtra	72.6	72.6	72.6	Centre for Social Responsibility and Leadership
7	Installation of Water Purification Plant in School at Kurundwad.	Providing Safe Drinking Water	Kurundwad, Dist-Kolhapur, Maharashtra	10.2	7.57	7.57	Shikshan Prasarak Mandal
8	Adoption scheme for SC/ST Students - Entire lodging, boarding and education expenses of selected students from standard VIII to IX at Shivaji Preparatory Military Scholl are born by RCF.	Reducing inequalities faced by Socially and Economically backward groups	Shivaji Military School at Pune. However SC/ ST students from all districts of Maharashtra get the benefit.	24.9	24.54	24.54	Shri Shivaji Preparatory Military School, Pune.
9	Scholarship to SC/ST students in drought affected Districts of Marathwada.	Reducing inequalities faced by Socially and Economically backward groups	Districts of Marathwada (Maharashtra)	6.5	6.5	6.5	Centre for Studies in Rural Development
10	Holding of five Health Camps and four eye camps in the schools of slums near by Trombay,	Healthcare	Trombay, Chembur, Mumbai (Maharashtra)	10	10	10	World Confederation Warriers

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11	Rejuvenation and renovation of four major parks in the town of Palakkad to maintain and preserve natural resources, to build recreational space and to create water bodies.	Ensuring Environmental Sustainability	Pallakad, Kerala	14	14	14	Pallakad Municipality
12	Support to Samarthanam Trust for construction of floor of residential school building for differently abled students.	Special Education for differently abled	Bangalore	25	25	25	SAMARTHANAM Trust.
13	Distribution of 1350 sets of Navneet Guides to Schools near by Trombay and Thal .	Education	Trombay and Chembur, Mumbai (Maharashtra)	7	7.49	7.49	NAVNEET Foundation.
14	Installation of Solar Power plant in Tandurmanadal Telangana.	Ensuring Environmental Sustainability	Tandurmanadal Telangana	8	8.25	8.25	EKLAVYA Foundation.
15	Construction of Bandhara at Village Shendurjane in Koregoan in Satara district.	Supply of Drinking water	Koregoan, Satara district, Maharashtra.	4.2	4.19	4.19	Grampanchyat Shendurjane
16	Maintenance of Biotolet at RCF gate no 2.	Sanitation	Mumbai, Maharashtra	1.5	1.5	1.5	WOCKHARDT Foundation

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17	Support to Manondona Centre for rehabilitation of Mentally Challenged and differently abled children in Karnataka.	Special Education for differently abled	Bangalore, Karnataka	10	10	10	MANONDONA CENTRE
18	Providing healthcare services to elderly patients at Dharavi.	Healthcare	Dharavi, Mumbai	5.78	5.78	5.78	SHIELD Foundation.
19	Construction of Cycle stand at Zilla Parishad High school Penpahad Mandal.	Education	Penpahad, Suryapeth Telangana.	3.03	3.03	3.03	ZP School -Penpahad Suryapeth Telangana
20	Construction of Compound Wall for Sri Vivekananda Maharogi Arogya Kendram Hospital Building .	Healthcare	Bommuru (V), East Godavari District, Andra Pradesh.	4.69	4.67	4.67	Sri Vivekananda Maharogi Arogya Kendram
21	Financial Assistance to Andhra Vanvasi Kalyan Ashram for the construction of ST Hostel at Addateegala (East), Godavari, Andhra Pradesh	Reducing inequalities faced by Socially and Economically backward groups	Addateegala, East Godavari, Andhra Pradesh	10	10	10	Andhra Vanvasi Kalyan Ashram

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22	Study of impact of Water cess on the industries of Maharashtra and Tamilnadu.	Special Education for differently abled and livelihood enhancement projects	Industries of Maharashtra and Tamilnadu.	6.9	6.63	6.63	Institute of Financial management and Research (IFMR)
23	Providing Portable Wood Stove to tribal communities in Adilabad District of Telangana .	Maintaining quality of Soil, Air and Water.	Adilabad District of Telangana	5.5	5.5	5.5	Shyam Prasad Institute
24	Financial Assistance to Seva Bharti Trust for purchase of van for the purpose of providing medical and Health facility in urban and rural areas of Vijayawada, Andhra Pradesh.	Healthcare	Vijayawada Andhra Pradesh	5.53	5.53	5.53	Seva Bharti Trust
25	Financial Assistance to Sushrut Hospital for treatment of poor out door patients.	Healthcare	Chembur, Mumbai	5	5	5	Sushrut Hospital
26	Regeneration of Park around Ashish Lake.	Maintaining quality of Soil, Air and Water.	Chembur, Mumbai	16	16.65	16.65	RCF
27	Construction of eight public toilets near Panjarapole.	Sanitation	Panjarapole, Chembur, Mumbai	2	1.76	1.76	Radha Foundation

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28	Financial Assistance to Chembur Citizen Forum for distribution of books and school stationer to economically backward students.	Education	Chembur, Mumbai	6	6	6	Chembur Citizen Forum
29	Financial support to budding and underprivileged women for livelihood from Asmita Mahila Mandal.	Women	Chembur, Mumbai	2	2.73	2.73	Asmita Mahila Mandal
30	Developing lawn at Shivaji Statue at Panjarapole.	Maintaining quality of Soil, Air and Water.	Chembur, Mumbai	1.39	1.4	1.4	RCF
31	Sponsorship for Federation Cup Championship 2018 organized by Mumbai Upnagar Kabbadi Association.	Sports	Chembur, Mumbai	3	3	3	RCF
32	Organising Nadkarni Cricket Tournament	Sports	Chembur, Mumbai	2.5	2.51	2.51	RCF
33	Construction of Bore wells	Providing Safe Drinking Water	Dhakti Dahanu, Dist-Palghar, Maharashtra.	3.5	3.5	3.5	Radha Foundation
34	Providing oxygen machines to needy patients.	Healthcare	Chembur, Mumbai	1.35	1.35	1.35	Radha Foundation
35	Distribution of books in Chembur area through Radha Foundation	Education	Chembur, Mumbai	2	2	2	Radha Foundation
36	Financial assistance to Sangopita Foundation for Solar installation.	Ensuring Environmental Sustainability	Badlapur, Maharashtra	3	3	3	Sangopita Foundation

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37	Construction of Bore well at Nerul	Maintaining quality of Soil, Air and Water.	Mumbai, Maharashtra	0.5	0.5	0.5	Youth Council
38	Supply of Drinking water at Thal	Providing Safe Drinking Water	Thal, Vaishet, Tudal, Boris, Gunjis, Navgaon, Bhal - District Raigad (Maharashtra)	40	38.57	38.57	RCF Thal
39	Road Repair at Thal	Rural Development	Dist Raigad, Maharashtra	53	59.02	59.02	RCF Thal
40	Rural Sports at Thal	Rural Sports	Dist Raigad, Maharashtra	3.6	3.1	3.1	RCF Thal
41	Free Distribution of Fertilizers and Sapling at villages nearby Thal.	Rural Development	Dist Raigad, Maharashtra	9.25	8.25	8.25	RCF Thal
42	Adivasi Upliftment near Alibaug Area- Need based development initiatives like providing health hygiene educational facilities	Healthcare	Dist Raigad, Maharashtra	10	4.39	4.39	RCF Thal
43	Handing over of five Ghantagadi at Thal.	Sanitation	Alibaug, Dist Raigad, Maharashtra	27.1	27.1	27.1	RCF Thal
44	Establishment of Mini Science Centres in two schools at Thal.	Education	Dist Raigad, Maharashtra	3	2.84	2.84	SAMABHAVNA Society
45	Construction of weekly Bazar Shed at Thal.	Rural Development-Adoption of village	Dist Raigad, Maharashtra	14	20	20	RCF Thal
46	Conducting speciality Medical camp at Thal through Sevamob NGO.	Healthcare	Dist Raigad, Maharashtra	5.6	6.72	6.72	SEVAMOB NGO

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47	Support to Raigad District Krushi Mahotsav to motivate and develop the skills of farmers and make them aware of new advanced Technology towards farming.	Skill development and Livelihood	Dist Raigad, Maharashtra	4	4	4	RCF Thal
48	Support to Vrudhrashram at village Parhur dist Raigad.	Providing facilities for senior citizens	Dist Raigad, Maharashtra	0.68	0.4	0.4	RCF Thal
49	Eye Check up camps and cataract operation in the villages - Thal, Navgaon, Boris & Gunjis.	Healthcare	Dist Raigad, Maharashtra	0.35	0.35	0.35	RCF Thal
50	Anaemia Screening Test and Lung Health Screening Test for Promoting Health Awareness in School Going Children at Thal.	Healthcare	Alibaug, Dist Raigad, Maharashtra	5	4.72	4.72	Heal Foundation
51	Renovation of Samaj Mandir at Thal.	Rural Development	Alibaug , Dist-Raigad, Mumbai, Maharashtra	10	10	10	RCF Thal
52	Water Supply Project for Village Kawelewadi Gram Panchayat Dist Raigad Drawing water from Hetawne Dam using Solar Energy.	Providing Safe Drinking Water	Kawelewadi, Gram Panchayat	14	17.31	17.31	Kawelewadi Gram Panchayat
53	Strengthening of Thal Nagoan Creak Bridge.	Rural Development	Alibaug , Dist-Raigad, Mumbai, Maharashtra	1.7	1.7	1.7	RCF Thal

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54	Installation of high mast tower at Kihim beach and near Chondhi Bridge.	Rural Development	Alibaug , Dist-Raigad, Mumbai, Maharashtra	5.33	5.33	5.33	RCF Thal
55	Clean Alibaug Beach Drive.	Ensuring Environmental Sustainability	Maharashtra Pollution Control Board	1.36	1.37	1.37	RCF Thal
56	Financial support to AIDS documentary film.	Healthcare	Alibaug , Dist-Raigad, Mumbai, Maharashtra	0.1	0.1	0.1	RCF Thal
57	Financial support to differently abled students of Rajmata Jijau Vidyalay.	Special Education for differently abled	Alibaug , Dist-Raigad, Mumbai, Maharashtra	1	1	1	RCF Thal
58	Financial assistance to Alibaug Talent Hunt.	Education	Alibaug , Dist-Raigad, Mumbai, Maharashtra	2.5	2.5	2.5	RCF Thal
				773.14	779.32	779.32	

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.

Umesh V. Dhatrak
Chairman & Managing Director

Suryanarayna Simhadri
Chairperson - CSR Committee

Dated 8th August, 2018

Annexure - II

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERVIEW OF THE ECONOMY

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP growth is estimated as 6.7% in 2017-18 and is expected to grow at 7.3% in 2018-19. Corporate earnings in India are expected to grow by 15-20 per cent in FY 2018-19 supported by recovery in capital expenditure. The tax collection figures during FY 2017-18 show an increase in net direct taxes by 18% on year-on-year basis. While some of the growth in tax collections may be attributed to the growth in economy and rising compliance, it is also as a result of implementation of GST. GST might have played a big role in the direct tax collection by putting a check on tax evasion which, in turn, might have boosted the direct tax revenue collections.

India has retained its position as the third largest startup base in the world with over 4,750 technology startups, with about 1,400 new start-ups being founded in 2016, according to a report by NASSCOM. India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors. India's foreign exchange reserves were US$ 422.53 billion in the week up to March 23, 2018, according to data from the RBI. Moody's upgraded India's sovereign rating after 14 years to Baa2 with a stable economic outlook.

The Union Budget for 2018-19 was announced by Union Minister for Finance, Government of India, in Parliament on February 1, 2018. This year's budget focuses on uplifting the rural economy and strengthening of the agriculture sector, healthcare for the economically less privileged, infrastructure creation and improvement in the quality of education of the country. As per the budget, the Government is committed towards doubling the farmers' income by 2022. A total of ₹ 14.34 lakh crore (US$ 225.43 billion) will be spent for creation of livelihood and infrastructure in rural areas. Budgetary allocation for infrastructure is set at ₹ 5.97 lakh crore (US$ 93.85 billion) for 2018-19. All-time high allocations have been made to the rail and road sectors.

India's unemployment rate is expected to be 3.5 per cent in 2018, according to the International Labour Organisation (ILO).

Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India. Shri Narendra Modi, Prime Minister of India, has launched the Make in India initiative with an aim to boost the manufacturing sector of Indian economy, to increase the purchasing power of an average Indian consumer, which would further boost demand, and hence spur development, in addition to benefiting investors. The Government of India, under the Make in India initiative, is trying to give boost to the contribution made by the manufacturing sector and aims to take it up to 25 per cent of the GDP from the current 17 per cent. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.

India's Gross Domestic Product (GDP) is expected to reach US$ 6 trillion by FY 2027 and achieve upper-middle income status on the back of digitisation, globalisation, favourable demographics, and reforms.

India is also focusing on renewable sources to generate energy. It is planning to achieve 40 per cent of its energy from non-fossil sources by 2030 which is currently 30 per cent and also have plans to increase its renewable energy capacity from 57 GW to 175 GW by 2022.

INDUSTRY STRUCTURE AND DEVELOPMENT

Primary fertiliser sales in financial year (FY) 2017-18 witnessed a modest growth of 2% year over year (YoY) owing to healthy offtake by farmers and low inventory stocking by companies in view of pan-India implementation of Direct Benefit Transfer (DBT). Urea sales volume grew 2% yoy to 30.31 MMT in FY 2017-18 from 29.60 MMT in FY 2016-17; indigenous urea sales grew 1% YoY while urea imports grew 9% in the same period. Non-urea fertilisers grew 2% YoY in FY 2017-18 driven by healthy sales of DAP, MOP and complexes with DAP, NPK and MOP sales growing 1%, 4% and 14% respectively. DAP sales volume grew 1% to 9.0 MMT in FY 2017-18 from 8.9 MMT in FY2017 while sale of NPK complexes grew 4% YoY to 9.0 MMT in FY 2017-18 from 8.7 MMT in FY 2016-17. MOP sales volume continued to witness healthy growth of 14% in FY 2017-18 post impressive growth of 15% in FY 2016-17 owing to the price of the fertiliser remaining low.

Domestic urea production has witnessed a decline of ~0.5% yoy to 24.10 MMT in FY 2017-18 from 24.20 MMT in FY2016-17. The decline has been majorly due to certain planned and unplanned shutdowns in various urea plants during the early part of the year. However, post normalisation of operations, the production rates have improved in latter half of the year. Urea imports have risen 9% to 5.9 MMT in FY2017-18 as against 5.5 MMT in FY2016-17. The growth in import comes on the back of lower base of FY2016-17 while imports on an absolute level remain lower in FY 2017-18 vis-a-vis past years, which has also led to systemic inventory levels declining sharply at the end of FY 2017-18.

International urea prices declined sharply in November 2017 owing to weak demand from key consumers i.e. India and Brazil. The cancellation of a tender for import of urea by India also resulted in downward pressure on the price. However, India's fresh import tender in December 2017 was able to provide some recovery to the prices (~$225/MT) in January 2018. Furthermore, the increasing trend witnessed in the coal prices too have provided slight upward momentum to the global prices. Notwithstanding that, Urea prices are expected to remain subdued in the near-to-medium term owing to large supplies available in the market and upcoming urea capacities that are to be commissioned in the near term.

DAP prices have been on an uptrend since September 2017 owing to rising raw material prices and decline in Chinese DAP exports leading to tightening of supplies in the international market. Chinese DAP exports have declined significantly during 2016-17 owing to crackdown by the Chinese government on polluting units as it embarks on a journey to control PM 2.5 levels in 28 cities across China. Raw material prices mainly phosphoric acid has witnessed upward movement owing to rising sulphur prices leading to higher DAP prices. As sulphur prices have been on an upward trend in recent months, contracted price for phosphoric acid witnessed upward movement for Q4 FY2017-18 rising to $678/MT for Q4 FY 2017-18. However, the DAP/NPK manufacturers have passed on the increase in raw material costs to farmers thereby, safeguarding their profitability.

The natural gas demand for the fertiliser sector is being met through domestic gas and imported R-LNG in nearly equal proportions. Pooled price for the fertiliser sector rose in early part of H2 FY2017-18 owing to a 16.5% increase in domestic gas price from $2.48 / mmbtu to $2.89 / mmbtu and rising R-LNG prices due to strong demand from China in towards the end of FY 2016-17. The domestic gas price for H1 FY2018-19 has also been revised upwards to $3.06 / mmbtu from $2.89 / mmbtu which puts upward pressure on the pooled price. However, spot R-LNG prices have started cooling off post a steep rise in recent months with abatement of the winter season in key demand centers i.e. Beijing, Seoul and Tokyo leading to lower demand for natural gas for heating. While the demand for R-LNG due to winters has seen abatement, the structural change in energy mix being promoted by China in favor of natural gas has resulted in Chinese R-LNG imports rising nearly 50% yoy in FY 2016-17 to nearly 38 MMT vis-a-vis 25 MMT in FY 2015-16 taking it past South Korea as the second largest importer of R-LNG while Japan continues to be the largest importer at 83.5 MMT in FY 2016-17. While Chinese imports have witnessed a surge in the recent months given the Chinese Government's push for shift to a cleaner energy source, the demand from Japan is expected to moderate marginally going forward as two nuclear reactors are slated to start in the upcoming months leading to lower reliance on R-LNG for electricity production. Thus, R-LNG prices are expected to moderate in the near term, which should nearly offset the increase in domestic gas price and thus keep pooled price stable for the fertilizer industry. Lower natural gas prices result in lower cost of production for the domestic urea units and thus keep them competitive against imports and results in lower working capital borrowings owing to lower subsidy.

The Direct Benefit Transfer (DBT) was recently rolled out on a pan India basis from February 1, 2018 after completion of the pilot stage that was implemented across 19 districts. The new subsidy framework aims to address several challenges being faced under the existing system, including diversion of urea for non-Agricultural use, imbalanced use of fertilisers, delay in subsidy receipts from the Government of India (GoI) and protection of some of the legacy and inefficient plants. However, owing to the large subsidy backlog, inadequate subsidy provisioning in the Union Budget as well as shifting of subsidy realisation from point of dispatch to point of retail sale, the implementation of DBT is likely to have a negative impact on the working capital cycle of the fertiliser industry in the near term. During the pilot stage, several operational and technological issues such as Aadhaar based identity authentication failure, weak internet connectivity, delay in update of stock position by wholesalers and stock reconciliation issues among other technical glitches were witnessed. However, subsequently several steps were taken to reduce the rate of authentication failure and lowering of transaction time.

GoI has allowed 14 urea units which were unable to carry out energy efficiency capex to continue with existing norms with nominal penalties while norms have been tightened for 11 urea units which had completed capex and were able to meet energy norms under NUP-2015. The units which have been unable to meet the target energy norms will face nominal penalties. The CCEA also approved continuation of existing norms for the naphtha-based urea units for another two years i.e. FY 2018-19 and FY 2019-20 or till pipeline connectivity is achieved whichever is earlier. With revision in norm for 11 units at present the savings in subsidy is expected to be around ~₹ 268 crore per annum according to GoI and once the remaining units migrate to revised norms, the total subsidy saving expected to be ~₹1500-1700 crore per annum based on prevailing pooled gas prices. However, the tightening of norms will negatively affect the profitability of the urea units as the energy savings earned would decline vis-a-vis the earlier norms. The new norms will remain applicable till March 31, 2025.

Operating income witnessed 13% YoY growth owing to the healthy turnaround in the fertiliser segment for some of the major players as well as continuing contribution from the chemical segment.

STRENGTH, WEAKNESS, OPPORTUNITIES & THREATS

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) Plans for increased usage of digital technology to reach-out to farmers through Mobile App, Facebook page, Twitter handle, Instagram handle and YouTube Channel under the name of "RCF Kisan Munch". RCF is also using community radio services of Krishi Vigyan Kendra (KVK) for telecasting farmers education programs.

(iv) 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.

(v) Larger farmer reach through various farm extension activities like field Demonstration, Sheti-patrika, celebrating soil testing days etc.

(vi) Your Company has a wide portfolio of Industrial chemical products which has applications across several sectors like pharmaceuticals, dyes etc.

(vii) The well maintained plants and equipment ensure that production remains uninterrupted.

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, MAP, DAP and Potash (MOP) 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.

(iv) Volatile Natural gas price for non-Urea operations impacting bottom line of the Company.

(v) Some of the products like ANP 20:20:0 have become economically unviable.

(vi) Owing to the large subsidy backlog, inadequate subsidy provisioning in the Union Budget as well as shifting of subsidy realisation from point of dispatch to point of retail sale, the implementation of DBT is likely to have a negative impact on the working capital cycle of the fertiliser industry in the near term.

Opportunities

(i) Several opportunities exist overseas, for Collaborations / Diversification in the field of manufacturing and mining of raw materials as well as fertilizers thereby presenting an opportunity for marketing of variety of products.

(ii) Huge demand and import dependency in case of NPK fertilizers in the Country provides an opportunity to Company for expanding its NPK fertilizer base.

(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.

(v) (v) Energy saving projects like Trombay Urea-V plant revamp, Trombay Ammonia-V plant revamp, GTG-HRSG project at Trombay, installation of new GT driven PAC-IV, revamp of CO2 compressors at all 3 units of Thal Urea plant etc., are planned for completion within next 2 to 3 years. This will have positive impact on the profitability of your Company.

All these opportunities would enable your Company to improve profitability in the coming years.

Threats

(i) Manufacturing and marketing of Fertilizers is the core business of your Company. In recent years, there has been high volatility in the prices of raw material resulting in an adverse impact on production and marketing plans. The profitability is susceptible to the input costs of major raw materials, such as Rock Phosphate, Sulphur, DAP, MOP, MAP etc.

(ii) Production of Urea, Complexes and chemicals is dependent on the availability of feedstock gas and its economic pricing.

(iii) The industrial 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 01.04.2010. 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.

SEGMENT –WISE PERFORMANCE

The segment wise performance of the Company was as under:

Thal Unit:

During the year, the unit produced 20.61 lakh MT of Urea compared to 21.44 lakh MT produced during the previous year. . The operating stream days for the Ammonia Plant was 348.11 days and Urea was 351.89 days as against 360.82 and 356.56 stream days during the previous year respectively. In terms of nutrients in the fertilisers, the unit produced 9.48 lakh MT of N during the year, compared to 9.86 lakh MT during previous year.

Trombay Unit:

The Trombay Unit produced 4.41 lakh MT of Urea & 4.78 lakh MT of Suphala 15:15:15 during the year compared to produced 4.08 lakh MT of Urea & 4.65 lakh MT of Suphala 15:15:15 produced during the previous year. The operating stream days for the Ammonia Plant was 353.98 days and Urea was 335.14 days as against 336.69 and 326.78 stream days during the previous year respectively.In terms of Nutrient values, the unit produced 2.75 lakh MT of N, 0.72 lakh MT of P^2O^5 and 0.72 lakh MT of K^2O during the year compared to 2.58 lakh MT of N, 0.70 lakh MT of P^2O^5 and 0.70 lakh MT of K^2O respectively during the previous year.

Industrial Products

Your Company produces industrial chemicals at its both units. During the year, your Company produced ₹ 1.95 lakh MT of various major industrial chemical products as against 1.76 lakh MT during the previous year. Your Company produces, amongst others, AN Melt, Methylamines and Derivatives, Conc. Nitric Acid, Argon, DMAC, Ammonium Bi-Carbonate, Formic Acid etc.

OUTLOOK

The Government of India is focused on the development of the agricultural sector and on improving the rural economy. In the union budget for FY2018-19, the GoI announced a downward revision in the subsidy provision for FY2017-18(RE) to ₹650 billion as against ₹700 billion estimated earlier while the subsidy allocation for FY2018-19 was increased to ₹700 billion. While the subsidy allocation for urea was increased by ~5% to ₹450 billion, that for NPK has been increased by 13% to ₹251 billion. The subsidy backlog for the industry is expected to remain high at ₹286 billion towards the end of FY2017-18. While subsidy backlog is lower in comparison to levels seen in the end of FY2015-16, it continues to remain at high levels and will continue to impact the profitability of the industry. Additionally, any material uptick in the raw material prices may see the backlog figure to increase in FY2018-19 from current levels if no additional subsidy allocation is made during the year. Further, the Ministry of Finance has approved a Special Banking Arrangement (SBA) amounting to ₹7000 crore for the Fertiliser Ministry, in the form of interest subvention, as was the case in February 2017. As the SBA is a short-term loan extended at a subsidised interest rate (with the government interest liability limited to the 10-year G-Sec rate), it will have to be repaid from the budgetary allocation in FY2018-19. Thus, the SBA, will certainly help in reducing the interest costs being borne by the fertiliser units but the issue of subsidy backlog will continue to plague the industry.

The outlook for fertiliser sales remains positive for the upcoming Kharif season given the expectation of a normal monsoon and prospects for rise in MSP given the budget pronouncements. Given the forecast of a normal monsoon and assurance by the GoI to ensure MSPs at 150% of the cost of production for farmers, the sowing level in the upcoming Kharif season is expected to witness healthy growth YoY which should promote healthy fertiliser off-take during the season. The overall fertiliser sales expected to witness 2%-4% YoY growth in the upcoming Kharif season.

The Government is extremely committed in improving the quality of soil and in bringing it to its ideal NPK levels. The ideal NPK ratio is 4:2:1 whereas Indian soils the ratio is 6.8:2.7:1.

- With the sales of fertilizers now being streamlined with the DBT mechanism which is linked with soil health cards we can expect improvement in the nutrient usage. The Government has distributed 136.5 million soil health cards till date.
- We can expect the production non controlled fertilizers like DAP and SSP to increase given the importance of balanced usage of fertilizers and also with the government increasing the subsidy rate for P grade and S grade fertilizers.
- Urea usage to be moderate during FY18-19 due to the effectiveness of neem coating of urea and with the introduction of 45kg urea bags (earlier 50kg urea bags were sold).

CHALLENGES

- As per our estimates the raw material cost for the fertilizer industry could increase by 5% due to the increase in gas prices. This could pressure on fiscal spending of the government while disbursing the subsidies. The fertilizer subsidy for FY 2018-19 has been fixed at ₹ 70,090 crore out of which ₹ 44,989.50 crore is earmarked as the urea subsidy and the remaining ₹ 25100.5 crore as the nutrient based subsidy.
- The fertilizer sector faces an inverted duty structure with the raw materials being taxed at 18% (except phosphoric acid which is taxed at 12%) and the final product being charged at 5%.
- Introduction of DBT will help bring relief to manufactures with the subsidies being transferred directly to them, but since the implementation is still picking up there are a few teething issues which need to be resolved, till then this could lead to a short term liquidity crunch with the manufacturers in the collection of subsidies.

PRICING POLICY

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. As per NUP 2015, energy norms have been tightened focusing on energy reduction being achieved by Urea units and further tightened from 1st April 2018 in respect of its Thal unit. As regards Trombay in it is expected to be tightened from 1st April 2020. For production beyond the Re-assessed capacity (RAC) i.e. 100% of capacity, the unit will be entitled for the respective variable cost and uniform Per MT incentive equal to the lowest of Per MT fixed cost of all the indigenous Urea units subject to maximum of import parity price (IPP) plus weighted average of other incidental charges which the Government incurs on imported urea. Despite IPP of Urea remained low, the compensation for production beyond RAC was not increased by the cost of Central Government levies in the year 2017-18 impacting the economics of the said production quantity.

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 in sync with the Government policy of "Make of India".

The current abysmally low price of imported Urea and surging pooled gas prices has created a situation where production of Urea beyond Reassessed capacity has become challenging during 2018-19.

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. 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 been using market determined RLNG for non-urea operations.

Direct Benefit Subsidy (DBT):

Effective from February, 2018, settlement of subsidy under DBT has been rolled out on PAN India basis. While DBT based subsidy would certainly contribute to rationalisation of subsidy bill of Government of India and also enable in targeted disbursement of subsidy, however since availability of stocks all over the year needs to be ensured this would be straining the working capital of fertilizer companies as erstwhile they were being compensated based on receipted despatches.

Impact of Government policies on IPD marketing

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

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

Government has liberalized import of chemicals to meet the ever increasing consumption level of chemicals in almost all sectors of the economy. International manufacturers, apart from cheaper energy sources, are having huge production capacities thus benefiting from the economies of scale, making available their products at cheaper rate compared to domestic manufacturers. This has put strain on the margins of domestic manufacturers producing products viz. Ammonia, ABC, DMAc etc As a result, our producing plants like Methanol, Methylamines (Trombay), DMF, Formic Acid, MF are shut down due to economic un-viability since more than a year. However for a brief period, formic acid was in operation. Sodium Nitrite/Nitrate are viable and plant is in operation since June 2017. However, to safeguard interest of domestic manufacturers the Government has also imposed anti-dumping duty on import of products like Sodium Nitrite / Sodium Nitrate, DMAc and Ammonium Nitrate. Importers from Iran of Ammonium Nitrate reduced their export prices which nullified the anti dumping duty so charged on AN. Cases are pending relating to various chemicals where Indian manufacturers are requesting Government of India for imposition of anti-dumping duty.

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 Internal Auditors, which conducts internal audit of various operational and financial matters on on-going basis. M/s Bandyopadhyaya Bhaumik & Co. & M/s. Amit Ray & Co., Chartered Accountants has been appointed as Internal Auditors of the Company for the year 2017-18. In house Internal Audit Department is headed by MBA in the rank of Deputy General Manager having adequate number of financial and technical personnel. The recommendation and observations of the Internal Auditors 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.

DISCUSSON ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Review of the financial performance

During the year, your Company achieved a Turnover of ₹ 7318.63 crore as against ₹7223.17 crore in previous year (PY). However, Profit Before Tax (PBT) during the year, stood at ₹128.34 crore as against ₹248.73 Crore mainly on account of lower sales of Urea, Suphala & Traded products, lower energy efficiencies, wage revision provision etc. Profit After Tax (PAT) stood at ₹78.80 crore as against ₹179.26 Crore One time impact of enhancement of gratuity limit from ₹ 10 lakh to ₹20 Lakh and the value of Development Right Certificate received/ receivable towards surrender of land, being one time in nature, has been reported as exceptional items.

Your Company achieved sales volume of 30.64 lakh MT during 2017-18 as compared to 31.87 lakh MT during the previous year. The Total sale of manufactured fertilizers during 2017-18 was 29.81 lakh MT as against 30.44 lakh MT during the previous year. Sales of manufactured fertilizers registered reduction of 2.07 % over previous year owing to lower sales of fertilizers and brought out products.

Your Company produced 29.80 lakh MT of fertilizers (25.02 lakh MT of Urea & 4.78 lakh MT of Suphala 15:15:15 during the year as against 30.17 lakh MT of fertilizers (25.52 lakh MT of Urea & 4.65 lakh MT of Suphala15:15:15) produced during the previous year.

Energy Consumption

The energy consumption achieved during the year ended 31st March 2018 as compared to the year ending 31st March 2017 is given below:

Gcal/Mt

Plant	For the year 2017-18	For the year 2016-17
Ammonia Trombay-V	8.727	8.960
Ammonia Thal	8.351	8.287
Urea Thal	5.922	5.874
Urea Trombay	6.728	6.860

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

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.

Your organization is a learning organization that has created a culture that encourages and supports continuous employee learning and value employee contributions.

Employee development encompasses growth of the employee at their professional and personal level. Functional, Managerial and Behavioral training is imparted to sharpen their professional growth and for personal growth.

Your organization not only focuses on employee development but also on enhancing skills of family members, which works on Financial, Health and Spiritual well-being.

Your organization also focuses on providing training to MSME enterprises under the Prime Ministers scheme of "Make in India - Zero Effect Zero Defect" to facilitate the MSME sectors. Under this drive your organization conducted four ZED Awareness Programmes related to Entrepreneurship Development in collaboration with QCI (Quality Council of India).

As a part of our expertise sharing initiative, HRD department provided Hands on training on ERP to HR students pursuing their Master in Management Studies which will enable them to exploit the powers of ERP in their domain from day one of their career in the Corporate World.

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.

The 3rd phase of "HR Aapke Dwar" is completed successfully. All the plants are covered under this drive. This is working nicely as Employee Engagement Activity.

Your Company had 3337 employees comprising 1591 Officers and 1746 non-officers, as on 31st March, 2018 compared to 3530 employees (1679 officers and 1851 non-officers) as on the corresponding date of the previous year.

During the year, 13 employees have joined your company which includes 1 Director (Finance), 1 Company Secretary, 5 Sr. Managers (Finance), 5 Engineers (Boiler Proficiency) and 1 Engineer (Chemical).

Your Company has undertaken "Swachha Bharat Abhiyan" in Factory, Hospital, School, RCF Co-operative Credit Society, Township both at Trombay and Thal units etc.

Your Company has celebrated "International Yoga Day" at RCF at Trombay and Thal.

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

Your Company has conducted special medical check ups/ camps for ladies.

MATHADI CONTRACT LABOUR MANAGEMENT

Management strongly believes in continuous dialogues and meetings with Unions of Contract Labours / Mathadi Labour. Mutual trust and transparency are the key factors in maintaining cordial industrial relations.

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' for the purpose of prompt Redressal of employees grievances.

SPORTS

Your Company is a prominent patron and sponsors various sports events. Your Company conducted District Level Adivasi Kabaddi Tournament at RCF Sports complex, Thal on the occasion of Maharashtra Day. Total 64 teams participates in the tournament from Raigad District.

Like every year, your Company organised 'RCF Nadkarni Cup' football tournament in the month of February, 2018 of Elite Division.

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 2018, your Company has on its rolls, 482 employees belonging to Scheduled Caste, 236 belonging to Scheduled Tribe and 412 Other Backward Classes.

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 extended Scholarship /Financial Assistance for Education facilities and development of SC/ ST students in Drought prone area of Maharashtra. Your Company has given financial assistance of Rs.10,000/- each to 110 students studying in 6th Standard to 10th Standards. from 5 drought affected districts of Maharashtra. The scheme covers the expenses for Text Books / Note Books, Medical expenses, school kit etc.

Your Company has celebrated 126th Birth Anniversary of Dr. Babasaheb Ambedkar in Buddha Vihar, Kurul Colony. Blood Donation Camp programme was organised on this occasion.

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

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.

Woman Achievement

As per the directions of the Ministry, RCF WIPS CELL is formed in your Company which caters to the needs of female employees and meet on Quarterly basis to discuss the issues/initiatives like programme of Self Defence, Career Guidance, welfare measures provided for Women employees in other PSUs and recommendations are put up for needful to the concerned. Self-defense workshops were conducted for daughters of employees. Your Company has also organized Financial Planning Programme to improve & update knowledge about finance in women employees for all its female employees as well as for female employees of different PSUs of Western Region.

Your Company has been recognized for the best activities undertaken for Women Employees - 2017 under the Mini-Ratna category by the forum of Women in Public Sector set up under the aegis of SCOPE. Award has been received by your Company during the National Meet held at Assam in February, 2018 at the hands of honourable Chief Minister of Assam. Your Company's two Women Employees, Dr. Utpala Baviskar, Sr. Manager (R & D) and Ms. Rajashri Kadam, Executive Operator (TS), have been conferred the 1st Position for the BEST Women Employee Award in the Officers' and the Non-officers' groups respectively, under the Mini-Ratna Category for the commendable contribution to the organization.

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

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

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

To,
The Members,
RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED
CIN: L24110MH1978GOI020185

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

i. The Companies Act, 2013 (The Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings. The Company does not have any Foreign Direct Investment and Overseas Direct Investment during the financial year.

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

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 # ;

   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014#;

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008#;

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009#; and

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998# ;

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

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

vi. Guidelines on Corporate Governance for Central Public Sector Enterprise (CPSEs) 2010; and

vii. The Fertilizer (Control) Order, 1985.

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India; and

ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

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

a) The Board of Directors comprises eight directors, constituting of three Executive Directors (including the Chairman cum Managing Director); two Nominee Directors and three Independent Directors. As per the reg. 17(1) (b) of the Listing Regulations and clause 3.1.4 of DPE Guidelines on Corporate Governance for Central Public Sector Enterprises, the Chairman being an Executive Director, at least half of the board of directors should be comprised of Independent directors. Thus, the Company does not have the requisite number of Independent Directors on its Board.

b) Performance evaluation of Independent Directors was not carried by the Board as required under reg. 17(10) of the Listing Regulations.

We further report that -

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

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

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

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

We further report that during the audit period the Company has undertaken following events/actions:

i. The President of India, being the Promoter (acting through and represented by the Ministry of Chemicals & Fertilizers, Government of India) has sold 2,75,84,405 equity shares of the Company of face value of INR 10/- each, representing 5% of the total paid up equity share capital of the Company by offer for sale through stock exchange mechanism pursuant to SEBI circular no. CIR/MRD/DP/18/2012 dated July 18, 2012 (as amended up to June 27, 2017).

ii. Member's approval has been obtained at the Annual General Meeting held on September 21, 2017 pursuant to the provisions of Section 42, 71 and other applicable provisions of the Companies Act, to offer or invite subscriptions for secured non - convertible debentures (NCDs), in one or more series/tranches, aggregating upto ₹ 1,000 crore on private placement.

For Bhandari & Associates
Company Secretaries

S. N. Bhandari
Partner
FCS No: 761; C P No. : 366
Mumbai | July 13, 2018

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 Secretarial Audit Report for the Financial Year ended on March 31, 2018 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 13, 2018

Annexure - IV

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO (SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014)

A. Conservation of Energy

Your Company has taken several steps during the year 2017-18 which has resulted in significant reduction in the energy consumption.

(i) Steps taken for conservation of energy

<u>TROMBAY UNIT</u>

➢ **Ammonia I Plant**

- Control valve class for 12 ata steam vent control valve (PIC-19) and Methanator gas vent control valve (PIC-607) upgraded.

➢ **Ammonia-V Plant**

- CO^2 Compressor surface condenser tube cleaning
- Replacement 250 nos. of conventional metal halide fittings (70W) with LED fittings of 45 W

➢ **Urea Plant**

- Installation of vapour recovery system for vacuum section vent
- Replacement of 1st stage vacuum concentrator E-610 with new one.

➢ **Steam Generation Plant**

- Loading and unloading scheme for instrument compressor – A implemented.
- Installation of 210 nos. of LED fittings.
- Installation of flame proof 46 nos. of LED fittings.

➢ **ANP Plant**

- 12 ata steam energy consumption reduced in AN evaporator unit by improving concentration of dilute AN.

➢ **Suphala Plant**

- Retrofitting of Reaction Section fumes ventury exhauster GB-622.
- Vapour Ammonia temperature reduced from 80 to 72 Deg C.

➢ **STP-ETP**

- Installation of VFD to Final Storage Tank (FST) water supply pumps.
- De-nitrification mixers replaced with new low energy submerge mixers.
- Trimming of RO feed pump impeller.
- Trimming of impeller of holding tank pump-D

➢ **Electrical Workshop/EES**

- Commissioning of another 100 KW Rooftop grid Synchronized Solar power Generation system.
- 200 Nos. 250W HPSV Streetlight Fittings replaced by 100W LED Streetlight Fittings.

➢ **Nitric acid group of plants (NAGP)**

- Existing thermodynamic steam traps of dryer air heating system coil replaced with bucket type traps in SNN plant.

➢ **SAP-CNA**

- 5.5 KW WSA transfer pump stopped by interconnecting WSA product and supply line.
- Replacement of 75 KW cooling tower pump motor with energy efficient motor in C-NA plant.

THAL UNIT

- ➢ Ammonia Plant
- New seal system for GV pumps in Ammonia I & II
- Energy efficient motors for Ammonia transfer pump (MP 501 A/B).
- Installation of Energy efficient Package AC 11 TR in Ammonia Plant.
- ➢ **Urea Plant**
- Revamping of CO2 compressor and turbine in Urea-11
- Installation of Vortex mixer with conversion booster in Urea-11
- ➢ **EES**
- 1154 KWp out of 1198 KWp solar plant commissioned in June 2017.
- Installation of various types of energy efficient LED fitting.
- Installation of 150TR Natural draft Cooling Tower at Admin building.
- Installation of 40TR Natural draft Cooling Tower at Admin building.
- Installation of 115TR capacity Screw chiller in Admin building.
- Installation of Energy effiicent Window AC 1.5 TR (17 No.)
- Installation of Energy effiicent Split AC 1.5 TR (24 No.)

Additional investment and proposals being implemented for reduction of consumption of energy

Ammonia Plant

- Motor driven Ammonia refrigeration compressor (ARC-IV) will be installed in ammonia plant in May, 2019 which will replace existing steam driven turbine and compressor (ARC-III) resulting into energy saving of 0.05 Gcal/MT of Urea.
- Gas turbine driven additional process air compressor (PAC-IV) will be installed in Ammonia plant in the year 2020-21 resulting into stoppage of existing two steam driven process air compressor and energy saving of 0.217 Gcal/MT of Urea.
- PAC-I/II suction air chilling for energy saving shall be implemented. Energy saving is expected to be 0.009 Gcal/MT of Urea. Project is expected to be completed in 2018-19.

Urea Plant

- Performance improvement of CO2 compressors and turbines by revamping. Project cost is ₹ 137.73 Crores. Energy saving is expected to be 0.11 Gcal/MT of Urea. Total scheme is expected to be completed in 2018-19.
- Installation of vortex mixer in Urea plant reactors of Unit-21 and 31.
- Installation of VAM for CO2 cooling. Energy saving is expected to be 0.01Gcal/MT of Urea. Scheme shall be completed in 2018-19.
- Installation of variable frequency drive on HP Ammonia feed pumps for power saving. Saving expected is 0.008 Gcal/MT of Urea.

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

- ➢ **TROMBAY UNIT**
- Commissioning of 100 KW Rooftop Grid Synchronized Solar power Generation system. (System Installed and Commissioned on 10th Feb 2018).

➢ **THAL UNIT**

- 1198 KWp solar power plant project commissioned in June, 2017.
- Installation of 500 KWP and 30 KWP solar power plant project under process.

(iii) Capital investment on energy conservation equipment

The Company has made capital investment of ₹ 56.29 Crore on energy conservation equipment.

B. TECHNOLOGY ABSORPTION

I. Major efforts made towards technology absorption:

Earlier power production was done through steam driven Turbo generators and steam was produced in service boilers. Installation of GT HRSG has resulted into power production through gas driven turbine and steam is produced from waste heat.

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

Generated power cost was reduced after implementation of GT & HRSG scheme.

Turbo generator Power cost was: ₹ 8956/MWH

Gas Turbine Power cost is: ₹ 4261/MWH

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

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

IV. Expenditure incurred on Research and Development

Sr. No.	Particulars	Amount (₹ in Lakh)
1.	Capital	9.50
2.	Recurring	268.15
3.	Total	277.65
4.	Total R &D expenditure as a percentage of total turnover	0.04%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

i.	Total foreign exchange earned	Nil
ii.	Total foreign exchange used	₹ 1200.60 Crore

Annexure-V

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

[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

CIN	:	L24110MH1978GOI020185
Registration Date	:	6th March, 1978
Name of the Company	:	Rashtriya Chemicals and Fertilizers Limited
Category/Sub-category of the Company	:	Company Limited by Shares / Union Government Company
Address of the Registered Office and contact details	:	"Priyadarshini", Eastern Express Highway, Sion, Mumbai- 400 022 Tel.: 022 24045024; Fax: 022 24045022
Whether Listed Company	:	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083. Tel: 022 49186000; Fax:022 49186060

II. Principal Business Activities of the Company

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

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1.	Urea	20121	69.27
2.	Complex Fertilizers	20122	15.53
3.	Industrial Chemicals	20119	10.71

III. Particulars of Holding, Subsidiary and Associates Companies

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associates	% of shares held	Applicable Section
1.	Urvarak Videsh Limited Scope Complex, Core-III, 7 Institutional Area, Lodhi Road New Delhi 110003.	U24120DL2008GOI181057	Associate	33.33	2(6)
2.	FACT- RCF Building Products Limited FACT Cochin Division Campus Ambalamedu, Kochi, Keral 682303.	U26992KL2008PLC022347	Associate	50.00	2(6)
3.	Talcher Fertilizers Limited Plot 2/H, Kalpana Area, BJB Nagar, Khordha, Bhubaneswar – 751014	U24120OR2015PLC019575	Associate	33.32	2(6)

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

i) CATEGORY-WISE SHAREHOLDING

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April 2017)				No. of Shares held at the end of the year (As on 31st March 2018)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A) Promoters									
(1) Indian									
(a) Individuals / HUF	-	-	-	-	-	-	-	-	-
(b) Central Govt.	441353888	-	441353888	80.00	413769483	-	413769483	75.00	-5.00
(c) State Govt(s).	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	-	-	-	-	-	-	-	-	-
(e) Banks/FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub Total (A)(1)	**441353888**	**-**	**441353888**	**80.00**	**413769483**	**-**	**413769483**	**75.00**	**-5.00**
(2) Foreign	-	-	-	-	-	-	-	-	-
(a) NRs-Individuals	-	-	-	-	-	-	-	-	-
(b) Other –Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
Sub Total (A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter(A) = (A)(1) +(A)(2)	**441353888**	**-**	**441353888**	**80.00**	**413769483**	**-**	**413769483**	**75.00**	**-5.00**
(B) Public Shareholding									
(1) Institutions									
(a) Mutual Funds	1600000	18800	1618800	0.30	-	4900	4900	-	-0.30
(b) Banks/FI	1373631	-	1373631	0.25	12986740	-	12986740	2.35	2.10
(c) Central Govt.	-	-	-	-	-	-	-	-	-
(d) State Govt(s).	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	35102735	-	35102735	6.36	6054475	-	6054475	1.10	-5.26
(g) FIIs/ Foreign Portfolio Investor	2982736	-	2982736	0.54	8084621	-	8084621	1.47	0.93
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (Specify)									
UTI	-	2400	2400	-	-	2400	2400	-	-
Sub Total (B)(1)	**41059102**	**21200**	**41080302**	**7.45**	**27125836**	**7300**	**27133136**	**4.92**	**-2.53**
(2) Central Government/ State Government(s)/ President of India									
Sub total (B) (2)	-	-	-	-	-	-	-	-	-

Category of Shareholders		No. of Shares held at the beginning of the year (As on 1st April 2017)				No. of Shares held at the end of the year (As on 31st March 2018)				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(3)	**Non-Institutions**									
(a)	Bodies Corporate									
(i)	Indian	12863963	12401	12876364	2.33	14821469	8401	14829870	2.69	0.36
(ii)	Overseas	-	900	900	0.00	-	500	500	0.00	0.00
(b)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	31805114	142424	31947538	5.79	61963625	99424	62063049	11.25	5.46
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	15431181	110800	15541981	2.82	21098992	110800	21209792	3.85	1.03
(c)	**Others(Specify)**									
Non-Resident Indians (Repat)		773287	827100	1600387	0.29	1859856	827100	2686956	0.49	0.20
Non-Resident Indians (Non Repat)		254866	-	254866	0.05	569818	-	569818	0.10	0.05
Foreign Nationals		-	-	-	-	600	-	600	0.00	-
Hindu Undivided Family		3100590	-	3100590	0.56	5111890	-	5111890	0.93	0.37
Clearing Member		3893434	-	3893434	0.71	4203589	-	4203589	0.76	0.01
Trusts		33750	-	33750	-	38600	-	38600	-	-
Foreign Portfolio Investors		4100	-	4100	-	-	-	-	-	-
IEPF		-	-	-	-	70817	-	70817	0.01	0.01
Sub Total (B)(3)		**68160285**	**1093625**	**69253910**	**12.55**	**109739256**	**1046225**	**110785481**	**20.08**	**7.53**
Total Public Shareholding (B)=(B)(1)+(B)(2)+ (B)(3)		**109219387**	**1114825**	**110334212**	**20.00**	**136865092**	**1053525**	**137918617**	**25.00**	**5.00**
Total (A)+(B)		**550573275**	**1114825**	**551688100**	**100.00**	**550634575**	**1053525**	**551688100**	**100.00**	**-**
(C) Shares held by Custodian for GDRs & ADRs		-	-	-	-	-	-	-	-	-
Grand Total (A)+(B)+(C)		**550573275**	**1114825**	**551688100**	**100.00**	**550634575**	**1053525**	**551688100**	**100.00**	**0.00**

ii) SHAREHOLDING OF PROMOTERS

Sr. No.	Name of shareholder	No. of Shares held at the beginning of the year (As on 1st April 2017)			No. of Shares held at the end of the year (As on 31st March 2018)			% Change during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	The President of India	441353888	80.00	-	413769483	75.00	-	-5.00
	TOTAL	**441353888**	**80.00**	**-**	**413769483**	**75.00**	**-**	**-5.00**

iii) CHANGE IN PROMOTERS' SHAREHOLDING

Sr. No.	Name of the shareholder	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	The President of India	**44,13,53,888**	**80.00**	**01.04.2017**				
				29.06.2017	-2,20,67,524	Market Sell	41,92,86,364	76.00
				30.06.2017	-55,16,881	Market Sell	41,37,69,483	75.00
				31.03.2018			**41,37,69,483**	**75.00**

iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS)*

Name of the shareholder	Shareholding at the beginning of the year (01.04.2017)		Shareholding at the end of the year (31.03.2018)	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Life Insurance Corporation of India	2,97,61,945	5.39	1,14,09,167	2.07
The New India Assurance Company Limited	23,67,928	0.43	33,03,975	0.6
Jagdish Amritlal Shah	22,19,000	0.4	22,19,000	0.4
Emerging Markets Core Equity Portfolio (The Portfolio) Of Dfa Investment Dimensions Group Inc. (Dfaidg)	6,08,249	0.11	15,56,217	0.28
General Insurance Corporation of India	8,00,000	0.15	15,00,000	0.27
Angel Broking Private Limited	3,86,560	0.0701	12,40,564	0.22
MV SCIF Mauritius	7,64,273	0.14	11,99,982	0.22
IL and FS Securities Services Limited	3,99,380	0.07	10,15,307	0.18
Wallfort Financial Services Limited	10,01,000	0.18	10,00,000	0.18
Bharat Taparia	9,96,347	0.18	9,78,972	0.18
Lal Tolani	8,27,186	0.15	8,27,186	0.15
Marwadi Shares & Finance Ltd	46,36,791	0.84	2,08,320	0.04
Sundaram Mutual Fund A/C Sundaram Rural India Fund	16,00,000	0.29	-	-
United India Insurance Company Limited	9,22,362	0.17	-	-

* The shares of the Company are substantially held in dematerialized form and are traded on a daily basis and hence, the date wise increase /decrease in shareholding is not indicated.

v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sr. No.	Name of the shareholder	Shareholding at the beginning of the year		Date	Increase / Decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
	Nil							

V. INDEBTEDNESS

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

₹ in Crore

	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	1148.11	620.68	-	1768.79
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	0.99	1.06	-	2.05
Total (i+ii+iii)	**1149.10**	**621.74**	**-**	**1770.84**
Change in Indebtedness during the financial year				
(i) Addition	296.22	1955.00	-	2251.22
(ii) Reduction	1042.32	2239.68	-	3282.00
Net Change	**(746.10)**	**(284.68)**	**-**	**(1030.78)**
Indebtedness at the end of the financial year				
(i) Principal Amount	399.57	336.00	-	735.57
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	3.43	1.06	-	4.49
Total (i+ii+iii)	**403.00**	**337.06**	**-**	**740.06**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

In ₹

Sr. No.	Particulars to Remuneration	Shri Umesh V. Dhatrak (from 14.09.2017)	Shri C. M. T. Britto (upto 30.06.2017)	Shri Suresh Warior (upto 30.11.2017)	Shri Sudhir D. Panadare (from 18.12.2017)	Shri Umesh Dongre (from 09.02.2018)	Total Amount
1	Gross Salary						
a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	15,49,487.00	47,46,174.00	59,10,610.00	9,69,300.00	4,17,748.00	**1,35,93,319.00**
b)	Value of perquisites u/s 17(2) Income Tax Act, 1961	2,76,011.00	3,88,513.00	5,65,445.00	1,76,846.00	4,757.00	**14,11,572.00**
c)	Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-		-
2.	Stock Option	-	-	-	-		-
3.	Sweat Equity	-	-	-	-		-
4.	Commission						
	- as % of Profit	-	-	-	-		-
	- others, specify …	-	-	-	-		-
5.	Others i.e. PF, Pension, Leave encashment and medical expenses	2,24,093.00	3,97,199.00	6,06,957.00	1,33,266.00	77,882.00	**14,39,397.00**
	Total (A)	**20,49,591.00**	**55,31,886.00**	**70,83,012.00**	**12,79,412.00**	**5,00,387.00**	**1,64,44,288.00**
	Ceiling as per the Act	N.A.	N.A.	N.A.	N.A.	N.A.	**N.A.**

B. Remuneration to other directors

(in ₹)

Sr. No.	Particulars to Remuneration	Shri Harin Pathak	Shri Bharatkumar Barot (upto 23.11.2017)	Shri G. M. Inamdar	Shri Suryanarayana Simhadri	Total Amount
1	Independent Directors					
	• Fee for attending board / committee meetings	2,70,000	1,80,000	4,50,000	3,70,,000	**12,70, 000**
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (A)	**2,70,000**	**1,80,000**	**4,50,000**	**3,70,,000**	**12,70, 000**
2	Other Non-Executive Directors					
	• Fee for attending board / committee meetings	-	-	-	-	-
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**
	Total (B)= (1+2)	**2,70,000**	**1,80,000**	**4,50,000**	**3,70,,000**	**12,70, 000**
	Total Managerial Remuneration(A+B)	**-**	**-**	**-**	**-**	**1,77,14,288**
	Overall Ceiling as per the Act	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

Sr. No.	Particulars to Remuneration	Shri D. M. Sati, Company Secretary (Upto 30.09.2017)	Shri J. B. Sharma, Company Secretary (From 01.10.2017)	Total Amount
1	Gross Salary			
a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	8,50,000.00	8,87,539.00	**17,37,539.00**
b)	Value of perquisites u/s 17(2) Income Tax Act, 1961	-	1,14,006.00	**1,14,006.00**
c)	Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of Profit	-	-	-
	- others, specify …	-	-	-
5.	Others i.e. PF, Pension, Leave encashment and medical expenses	-	96,060.00	**96,060.00**
	Total	**850,000.00**	**10,97,605.00**	**19,47,605.00**

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					
	Punishment					
	Compounding					
B.	DIRECTORS					
	Penalty					
	Punishment			Nil		
	Compounding					
C.	Other officer in Default					
	Penalty					
	Punishment					
	Compounding					

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: **L24110MH1978GOI020185.**
2. Name of the Company: **Rashtriya Chemicals and Fertilizers Limited**
3. Registered address: **"Priyadarshini", Eastern Express Highway, Sion, Mumbai- 400 022.**
4. Website: **www.rcfltd.com**
5. E-mail id: **investorcommunications@rcfltd.com**
6. Financial Year reported: **1st April, 2017 to 31st March, 2018**
7. Sector(s) that the Company is engaged in (industrial activity code-wise)

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

8. List three key products/services that the Company manufacturers/provides (as in the balance sheet):
   i) Urea;
   ii) Complex Fertilizers; and
   iii) Industrial Chemicals
9. Total number of locations where business activity is undertaken by the Company
   a) Number of International Locations (Provide details of major 5): Nil
   b) Number of National Locations:
      Plant manufacturing facilities 2
      Administrative offices 2
   c) Regional Offices in India 28
10. Markets served by the Company – Local/State/National/International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	₹551.69 Crore
2	Total Turnover (INR)	₹7318.63 Crore
3	Total profit after taxes 2017-18 (INR)	₹78.80 Crore
4	Total budgeted expenditure on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	CSR spend, as per Section 135 read with Schedule VII of the Companies Act, 2013, is ₹7.79 Crore (i.e. 2% of the average profit for last three years)
5	List of activities in which expenditure in above has been incurred	i) Education ii) Promoting health care iii) Sanitation iv) Promoting rural sports v) Eradicating malnutrition by providing quality food in school vi) Livelihood enhancement project vii) Supply of drinking water to villages

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/Companies?**

   The Company does not have any subsidiary.

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

   Not Applicable

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

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

SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**

a. Details of the Director/Director responsible for implementation of the BR policy/policies

- DIN Number : 07933191
- Name – Shri Sudhir D. Panadare
- Designation –Director (Technical)

- Details of the BR head

S. No.	Particulars	Details
1.	DIN Number (if applicable)	Not Applicable
2.	Name	Shri R. P. Paradkar
3.	Designation	CGM (Co-ordination)
4.	Telephone number	022 2552 3071
5.	e-mail id	rpparadkar@rcfltd.com

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

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

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

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

P3 Businesses should promote the wellbeing of all employees;

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

P5 Businesses should respect and promote human rights;

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

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

P8 Businesses should support inclusive growth and equitable development;

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

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

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

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

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

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

<table>
<tr><th>Sr. No.</th><th>Questions</th><th>P1</th><th>P2</th><th>P3</th><th>P4</th><th>P5</th><th>P6</th><th>P7</th><th>P8</th><th>P9</th></tr>
<tr><td>1.</td><td>The company has not understood the Principles</td><td colspan="9" rowspan="6">N.A.</td></tr>
<tr><td>2.</td><td>The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles</td></tr>
<tr><td>3.</td><td>The company does not have financial or manpower resources available for the task</td></tr>
<tr><td>4.</td><td>It is planned to be done within next 6 months</td></tr>
<tr><td>5.</td><td>It is planned to be done within the next 1 year</td></tr>
<tr><td>6.</td><td>Any other reason (please specify)</td></tr>
</table>

3. Governance related to BR

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

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

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

RCF has started publishing Business Responsibility Report since 2016-17. The Business Responsibility Report for the year 2016-17 can be accessed from the link: http://www.rcfltd.com/webdocs/853/2018/08/Business_Responsibility_Report_2016-17.pdf.

SECTION 3 – PRINCIPLE WISE PERFORMANCE

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

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

No.

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

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

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

The details of complaints received from various stakeholders during the financial year 2017-18:

Stakeholder	No. of Complaint received	No. of Complaint resolved	% Resolved
Shareholder's Complaints	5	5	100
Customers/Consumers	16	16	100
Related to services, tenders and through Public Grievance Redressal	22	22	100
Vigilance	35	21	60.00
RTI	125	121	96.08
Workers Grievance	7	7	100

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

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

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

   a) Neem Urea;

   b) Suphala 15:15:15;

   c) Sujala 19:19:19;

   d) Biola;

   e) Microla;

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

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

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

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

   Reduction of 0.132 Gcal per MT of specific energy of Urea at Trombay, reduction of 0.233 Gcal per MT of specific energy of Ammonia at Trombay Ammonia-V Plant, reduction of 0.44 M3 of Raw Water consumption per MT of Urea at Thal and reduction of 0.21 m3 of raw water consumption per MT of Urea at Trombay has been achieved during the year 2017-18 as compared to year 2016-17.

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

   Farmers in almost all the states purchase fertilizers for agriculture. The reduction in energy and water due to total consumption of fertilizers of Company is not readily available, due to its widespread consumption in almost all states. However, during 2017-18 company had undertaken Method/Product demonstration of 311 agriculture plots for use of company fertilizers in Vegetables, Sugar cane, Cotton & Fruit crops. In case of use of drip irrigation methods in these plots, the water consumption reduced to approximately 50% with enhanced yield of crops.

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

   The Company has procedures in place for sustainable sourcing of raw material, fertilizers & chemicals transportation.

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

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

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

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

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

Periodical trainings are conducted for all the contractual labourers, Mathadi labourers to address their SHE related issues and to improve their work performance.

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

Yes, Company has mechanism and facility to recycle its fertilizers in its production plants, in case it is damaged during storages/handling & spillages. Company effectively works on business sustainability by implementing "reduce, recycle and reuse" concept for effective waste management. During the year 2017-18, entire damaged/ contaminated, swept Suphala fertilizer (0.65% of total Suphala production) was recycled in the plant through innovative design of the plant. 100% of swept urea generated in Urea Bagging plants which is collected from floor & equipment cleaning is recycled back. Most of our hazardous waste viz; spent catalyst & used/waste oil is recycled and sent to Ministry of Environment, Forests and Climate Change (MoEFCC) approved recyclers. The sludge from Effluent Treatment plant is recycled in fertilizer plant. The Sulphur sludge generated in Sulphuric acid plant is used as filler in Suphala manufacturing. It reduces raw material consumption and provides additional nutrients to the plant as elemental Sulphur.

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

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

The total number of employees as on 31.03.2018 are 3337.

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

The total number of employees hired on temporary/ contractual/ casual basis as on 31.03.2018 are 1137.

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

The total number of permanent women employees as on 31.03.2018 are 227.

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

The total number of employees with disabilities as on 31.03.2018 are 43.

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

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

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

Around 46% of Unionised Category employees are members of Recognised Union i.e. RCF Karmachari Sena.

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

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

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

Sr. No.	Safety & skill up gradation training	Total Employees	Employees Trained	% Employees Trained
1	Permanent Employees	3337	2564	77
2	Permanent Women Employees	226	200	88
3	Casual/Temporary/ contractual employees	1740	1740	100
4	Employees with Disabilities	43	43	100

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

1. Has the company mapped its internal and external stakeholders? Yes/No

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

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

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

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

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

Principle 5: Businesses should respect and promote human rights

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

The Company follows the principles of human rights as enshrined in the Universal Declarations of the human rights of the United Nations and all our human resources policies and understanding with the Trade Unions are based on those principles. All our policies in this regard directly or indirectly adhere to the principle of respect for human rights.

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

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

We have not received any complaints with respect to human right violations.

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

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

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

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

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

Yes. RCF has started publishing Business Responsibility Report since 2016-17. The Business Responsibility Report for the year 2016-17 can be accessed from the link: http://www.rcfltd.com/webdocs/853/2018/08/Business_Responsibility_Report_2016-17.pdf.

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

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

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

Not at present however efforts are maintained to optimize process control due to which consumption of natural resources and generation of waste reduced thereby reducing emissions.

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

i) **Renewable Energy:**

- 2 MWp Solar Power Generation facility in Trombay Unit.
- 5 roof top solar power generation facility with aggregate capacity of 220 KWp at Trombay Offices.
- 1.26 MWp solar roof top facility installed at Thal.

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

- RCF have taken up various energy reduction schemes thereby improving energy efficiency.
- 2 x 32 MW ISO Gas Turbine project for energy saving at Thal. This project is commissioned safely & successfully and guarantee tests are under progress.
- 2 x 32 MW ISO Gas Turbine project for energy saving at Trombay. For installation of this project EIA conducted, public hearing conducted, environment clearance received and Letter of Intent issued.
- Revamping of Ammonia-V through KBR for energy saving.
- Revamp of Urea-V through Casale for energy saving.
- 5 MGD Sewage Treatment Plant operating & additional new 5 MGD Sewage Treatment Plant, being setup at Trombay.

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

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

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

Nil.

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

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

Yes, your Company is a member of

(a) Fertilizer Association of India

(b) Standing Conference of Public Enterprises

(c) The Associated Chambers of Commerce of India

(d) Indian Merchants Chamber

(e) Bombay Chamber of Commerce and Industry

(f) International Fertilizer Industry Association

(g) Federation of Indian Chambers of Commerce & Industry

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

Yes.

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

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

- Governance and Administration
- Economic Reforms, Inclusive Development Policies
- Water and Food Security for the country
- Principles for Sustainable Business
- Energy security

Principle 8: Businesses should support inclusive growth and equitable development

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

Yes, the Company has specified programs in support of inclusive growth and equitable development. It is the endeavor of the company to ensure that there is continuous improvement in its economic, environmental and social performance as the tagline of the company reads as "let us grow together". At our company employees are recognized based on their merit and skill and nobody is differentiated on the basis of cast, creed, gender and/or religion. All CSR programmes of the company are towards downtrodden and weaker strata of the society, which includes education, sanitation, nutrition, drinking water projects etc. The details of CSR initiatives undertaken by the company are provided in **Annexure I** of Directors Report.

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

CSR programs are implemented through in house teams, NGO's, third party vendors, government agencies etc.

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

Yes. Impact assessment is carried out by M/s Crux Management Services (P) Ltd. an agency appointed by the Company, for CSR activities for the year 2017-18.

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

The total contribution towards CSR for the year 2017-18 is ₹7.79 Crore. The details of projects have been provided in **Annexure I** of the Directors Report.

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

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

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

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

Nil.

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

Yes. The label guides the farming community / user for suitable and required precautions to be taken, like product application procedure, recommended dozes, storing guidance etc.

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

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

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

No consumer survey was conducted during 2017-18. However in RCF we access the level of farmer's satisfaction towards the Organization's Products & Services at various Agriculture extension platforms our Field Executives undertake through-out the year Pan-India. Field Executives interacts with the farming community to understand their requirements & seasonal conditions.

The following Agriculture Extension activities are conducted extensively:

- Conducting Farmers meetings.
- Organizes Soil Testing days at the farmer's field.
- Soil samples are collected from the farmers field, the samples are analyzed for NPK & Micro-nutrients (Zinc, Copper, Manganese & Iron).
- Live Field Demonstrations are conducted in the farmers' field.
- RCF conducts 3 days & One day Training sessions at its Knowledge centers at Thal (Raigad District) & at Nagpur. All the expenditures incurred for the farmers travel, boarding & lodging is taken care by RCF.
- In addition to the in-house training programs, Training programs are organized by RCF with local KVK's (Krishi Vigyan Kendras) & Agriculture Universities, for the farming community. These programs are tailor made as per the requirements / requests of the farmers.
- RCF prints & dispatches a very popular Agriculture monthly magazine in Marathi "RCF Sheti-Patrika". 60000 copies are despatched free of cost per month.
- RCF also participates in State / District / Taluka / Village level Agriculture Exhibitions, where farmers are advised on latest Agricultural techniques.
- Krishi Mela / Crop Seminars are regularly organized to guide & update the agricultural knowledge of the local farming community.
- RCF operates Toll Free help line number (1800-22–3044) for farmers.

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

✓ One agriculture graduate has been placed in each of the center.

✓ These centers are helping in-empowering the farmers.

✓ These centers are a collection point for soil samples & handing over the analysis report.

✓ These Agriculture Graduates provides Advisory Services – Crop Cultivation Technology, Application Services–Farm Inputs & application methodology.

✓ The Agriculture Graduate also advises the farmers on Agricultural practices, Fertilizer Management, Weather report, Pest Management, Crop selection, Help the farmers to get their Soil & Seed Tested free of cost, Crop Insurance, etc.

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

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CORPORATE GOVERNANCE REPORT

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.

Board of Directors:

Composition of the Board:

Your Company being a Public Sector Undertaking, the Directors are appointed/ nominated by President of India. As on 31.03.2018, the Board comprises Eight Directors out of which three are Executive Directors and five are Non-executive Directors. Out of Five Non-executive Directors, two Official (Govt.) Directors are non-independent. The present Non-executive Directors and Independent Directors 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.

Brief Profile of Board of Directors

The brief profile of all the Directors as on 31.03.2018 are given below:

Shri Umesh V. Dhatrak, Chairman & Managing Director

Shri U. V. Dhatrak has taken over the charge of Chairman & Managing Director of Rashtriya Chemicals and Fertilizers Limited on 14th September, 2017.

Shri Dhatrak is Bachelor of Engineering (Mech.) from College of Engineering, Pune in 1981. He joined the Company in August, 1981 as Management Trainee and rose to the post of Chairman & Managing Director. In his long career spanning more than 36 years, he has worked in various capacities in Technical Services, Ammonia plants, Urea Plant & Power Plant, Steam Generation Plant, Bagging, Plant Health Services Dept. etc. and in development of the projects of the Company.

He succeed in achieving mechanical stability and reliability for continuous operations and efficient performance of the various plants.

As Operations Manager (Urea), he has led the Urea team and improved the Plant performance and reliability and surpassed many production and energy consumption records and played a key role in reconstruction of Ammonia-I cooling Tower in record time.

He has published article on experience in attending high vibration problem in Synthesis Gas compressor in the FAI Magazine. The hallmark of Shri Dhatrak's success is his sustained discipline, hard work and commitment to the profession and Company as a whole. As a team leader, he encourages interaction among team members for better exchange of ideas, which results in higher productivity in the organization.

Prior to elevation to the present post, he was Executive Director (Planning and Project Development). He had also worked in the capacity of Executive Director, Thal Unit.

He is a profound lover of music and culture. He is a yoga enthusiast.

Shri Sudhir D. Panadare, Director (Technical)

Shri Sudhir D. Panadare has taken over the Director (Technical) of Rashtriya Chemicals and Fertilizers Limited on 18th December, 2017.

Shri Panadare is Chemical Engineer from University Department of Chemical Technology, Mumbai (now known as Institute of Chemical Technology). He is also a certified Energy Auditor by Bureau of Energy Efficiency (BEE). He joined the Company in year 1981 as Management Trainee and rose to the post of Director (Technical). In his long career spanning more than 36 years, he has worked in various capacities in Technical Services, Ammonia plants, Urea Plant & Chemical Plants etc. and in development of the projects of the Company.

Shri Panadare headed the Corporate Department for pre project work of Thal expansion project and other projects and has visited various countries like Denmark, Egypt, USA, Ghana, Vietnam and Turkmenistan for business opportunities. Shri Panadare was leader of RCF team for re-commissioning of revamped Namrup III Unit of Brahmaputra Valley Fertilizer Corporation Limited.

Prior to elevation to the present post, he was Executive Director (Planning and Project Development) In-charge.

He is an avid reader and has published technical papers in various journals.

Shri Umesh Dongre, Director (Finance)

Shri Umesh Dongre has taken over as Director (Finance) & Chief Financial Officer of Rashtriya Chemicals and Fertilizers Limited on 9th February, 2018.

Shri Dongre is a Fellow CMA from the Institute of Cost Accountants of India and belongs to Indian Cost Accounts Service (ICoAS). He has also Masters in Commerce from Osmania University. An officer of ICoAS 1991 batch, he has vast experience of Costing and Pricing of wide variety of products and dealt with project evaluation proposals of Government of India. He has also experience of working on Urea Subsidy in Fertilizer Industry Coordination Committee (FICC). He occupied several important positions as ICoAS officer in Department of Fertilizers, Department of Public Enterprise, Directorate of Sugar and Department of Expenditure, apart from initial working tenure in a CPSE and NABARD.

Prior to joining Director (Finance), Shri Dongre was Advisor (Cost), Department of Expenditure, Ministry of Finance.

He believes that cost efficiency in all operations lead to higher profitability and sustainability of the organisation.

Shri Sushil Kumar Lohani, Government Nominee Director (Up to 17.05.2018)

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.

Ms. Alka Tiwari, Government Nominee Director

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

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

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.

Shri Suryanarayana Simhadri, Independent Director

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

Board procedure:

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 is 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 25.04.2017, 05.05.2017, 19.05.2017, 14.07.2017, 11.08.2017, 21.09.2017, 20.10.2017, 10.11.2017, 04.12.2017, 04.01.2018, 16.01.2018, 09.02.2018 and 12.03.2018. The numbers of meetings attended by the Directors during the year are as under:

Name of Directors	Number of meet-ings required to attend	Number of meetings attended.	Whether attended last AGM	Directorship in other companies		Membership in Board's Committees (in other Companies)	
				As Chairman	As Director	As Chair-man	As Member
Whole-time Directors							
Shri Umesh V. Dhatrak [From 14.09.2017]	8	8	Yes	1	2	-	-
Shri C. M. T. Britto [Upto 30.06.2017]	3	3	N.A.	-	-	-	-
Shri Suresh Warior [Upto 30.11.2017]	8	8	Yes	-	-	-	-
Shri Sudhir D. Panadare [From 18.12.2017]	4	4	N.A.	-	1	-	-
Shri Umesh Dongre [From 09.02.2018]	2	2	N.A.	-	-	-	-
Part-time Non- Executive Directors(Govt. Nominee							
Shri S. K. Lohani, I.A.S.	13	5	No	2	3	-	-
Ms Alka Tiwari	13	7	No	1	2	-	1
Part-time non –Executive Independent Directors							
Shri Harin Pathak	13	9	Yes	-	-	-	-
Shri Bharatkumar Barot [Upto 23.11.2017]	8	6	Yes	-	-	-	-
Shri G. M. Inamdar	13	13	Yes	-	1	-	-
Shri Suryanarayana Simhadri	13	13	Yes	-	1	-	-

Familiarisation programme for Independent Directors

The details of familiarisation programme imparted to Independent Director are disclosed on the http://www.rcfltd.com/index.php/en/investor-relations/general-disclosure/7652-details-of-familiarization-programme-imparted-to-independent-directors

Relationship between Directors

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

None of the Directors were holding any shares/debentures in the Company as on 31st March, 2018 except Shri Sudhir D. Panadare who holds 100 equity shares in the Company.

The Board has constituted the following Committees

Audit Committee

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

The composition and terms of reference to the Audit Committee is in accordance with the requirement of Section 177 of the Companies Act, 2013 and Regulation 18 of

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 The Committee is entrusted with power to seek information from any employee, to investigate, with the assistance of Internal Auditors, any activities/ functions and to seek any external assistance, if required.

During the year 2017-18, the Committee reviewed the audits conducted by Internal Audit Department, gave directions and sought further investigations and examinations, wherever necessary. The Committee also reviewed the financial statements before submitting to the Board and emphasized the importance of internal Control Systems. All the recommendations of the Audit Committee were accepted and implemented.

During the year, the Audit Committee met 5 [Five] times on 05.05.2017, 19.05.2017, 11.08.2017, 10.11.2017 and 09.02.2018 and the attendance was as under:

Name of Director	Number of meetings required to attend	Number of meetings attended
Shri Harin Pathak	5	3
Shri G. M. Inamdar	5	5
Shri Bharatkumar Barot	4	3
Shri Suryanarayan Simhadri	5	5
Ms. Alka Tiwari	5	3

Stakeholders Relations Committee

During the year, the Stakeholders Relations Committee comprises of Shri G. M. Inamdar, Independent Director as Chairperson and Shri Umesh V. Dhatrak, Chairman & Managing Director and Shri Umesh Dongre, Director (Finance) as Members and Shri J. B. Sharma, 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, 5 complaints were received and all have been attended to. Regular reports have been sent to SEBI and Stock Exchanges in this respect.

During the year 2017-18, the Committee met 3 [three] times on 14.07.2017, 10.11.2017 and 12.03.2018.

Share Transfer Committee:

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.

Share Transfer Committee comprising of Shri Umesh V. Dhatrak, Chairperson, Shri Sudhir D. Panadare and Shri Umesh Dongre, members met 3 (three) times on 30.06.2017, 25.11.2017 and 10.03.2018 and there are no pending cases for transfer.

Nomination and Remuneration Committee:

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

The Nomination and Remuneration Committee comprising of Shri Harin Pathak, Independent Director as Chairperson, Shri G. M. Inamdar, Shri Suryanarayana Simhadari, Shri Umesh V. Dhatrak and Ms. Alka Tiwari as members met 3 (three) on 21.09.2017, 20.10.2017 & 12.03.2018.

Committee on Corporate Social Responsibility (CSR):

Committee on Corporate Social Responsibility (CSR) has been constituted to formulate and recommend to the Board, a CSR policy which shall indicate the CSR activities to be undertaken by the Company, recommend to the Board the amount of expenditure to be incurred on CSR activities and monitor the CSR policy of the Company from time to time.

The CSR Committee comprising of Shri Suryanarayana Simhadri, Independent Director as Chairperson, Shri G. M. Inamdar, Shri Umesh V. Dhatrak and Ms. Alka Tiwari as members met 2 (two) on 05.05.2017 and 14.07.2017.

Empowered Committee for Procurement

Empowered Committee comprising Shri Umesh V. Dhatrak, Chairman & Managing Director as Chairperson, Shri Sudhir D. Panadare, Director (Technical) and Shri Umesh Dongre, Director (Finance) as members to approve procurement of Fertilizer Raw Materials for captive consumption and Fertilizers for Trading purpose upto a value of ₹300 Crore in case of each procurement met 5 (five) times on 17.04.2017, 18.05.2017, 20.05.2017, 06.03.2018 and 19.03.2018.

Remuneration of Directors:

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

₹ In Lakh

Sl. No.	Name of the Director	Salary and Allowances	Other Benefits and perquisites	Total Remuneration
1.	Shri Umesh V. Dhatrak, Chairman & Managing Director (from 14.09.2017)	15.50	5.00	20.50
2	Shri C.M.T. Britto, Director (Technical) (upto 30.06.2017)	47.46	7.86	55.32
3	Shri Suresh Warior, Director(Finance) (Upto 30.11.2017)	59.11	11.72	70.83
4	Shri Sudhir D. Panadare Director(Technical) (From 18.12.2017)	9.69	3.10	12.79
5.	Shri Umesh Dongre Director(Finance) (From 09.02.2018)	4.18	0.82	5.00

The Independent Directors have been paid sitting fees for ₹15,000/- per meeting for attending meetings of Board and committees till November, 2017. From December 2017, the Independent Directors have been paid sitting fees of ₹25,000/- per meeting for attending meetings of the Board and ₹ 20,000 per meeting for attending meetings of the Committee. The sitting fees paid during the financial year 2017-18 is as follow:

Name of the Director	Sitting Fees (₹ in Lakh)
Shri Harin Pathak	2.70
Shri Bharatkumar Barot (Upto 23.11.2017)	1.80
Shri G. M. Inamdar	4.50
Shri Suryanarayana Simhadri	3.70

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

Performance Evaluation criteria for Independent Directors

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

However, the Company will ensure in future the compliance regarding the performance evaluation of Independent Directors in line with Regulation17(10) of the Listing Regulations.

Separate Meeting of Independent Directors

As provided under Section 149(8) read with Schedule IV of the Companies Act, 2013 and also as per Regulation 25 (3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, separate meeting of Independent Directors was held on 29th March, 2018.

Code of Conduct for Directors and Senior Management Personnel:

The Company has adopted a code of conduct and ethics applicable to the Board of Directors and Senior Management Personnel (one level below the Board of Directors) of the company. The code requires Directors and employees to act honestly, fairly, ethically, and with transparency and integrity. The Board of Directors and Senior Management Personnel are required to affirm compliance with the code of conduct on an annual basis. The code has been displayed on the Company's website – www.rcfltd.com. All Directors and Senior Management Personnel have complied with the code and the compliance has been affirmed by them to that effect. A declaration signed by Chairman & 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 2017-18.

(Umesh V. Dhatrak)
Chairman & Managing Director

Place: Mumbai
Date: 15.05.2018

CEO/ CFO CERTIFICATION FOR THE FINANCIAL YEAR ENDING ON 31ST MARCH, 2018

This is to certify that:

A. We have reviewed financial statements for the financial year ended 31st March, 2018 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 2017-18;
2. There has not been any significant change in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
3. There have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Umesh Dongre
Director [Finance] & CFO

Umesh V. Dhatrak
Chairman & Managing Director

Place: Mumbai
Date: 28.05.2018

Annual General Meeting [AGM]:

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

Financial Year	Time and Date	Venue
2016-17	3 p.m. on 21.09.17	"Sivaswamy Auditorium", Fine Arts Society, Mumbai 400 071.
2015-16	3 p.m. on 23.09.16	"Sivaswamy Auditorium", Fine Arts Society, Mumbai 400 071.
2014-15	3 p.m. on 27.08.15	"Sivaswamy Auditorium", Fine Arts Society, Mumbai 400 071.

Particulars of Special Resolution passed at the last three AGMs

Financial Year	Time and Date	Venue	Special Resolutions Passed
2016-17	3 p.m. on 21.09.17	"Sivaswamy Auditorium", Fine Arts Society, Mumbai 400 071.	Offer or invitation to subscribe to Secured Non-Convertible Debentures on private placement.
2015-16	3 p.m. on 23.09.16		

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 has been proposed to be conducted through postal ballot.

Means of Communication

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

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

Information relating to shareholder pattern, quarterly corporate governance report, intimation of Board meetings etc. was also given to the National stock exchange and BSE.

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.

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

General Shareholder information:

Your Company has appointed M/s Link Intime India Pvt. Limited, C-101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083, as the Registrar and Transfer agents. The Share Transfer Agents have also service centre's 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.

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 ₹111.50 [on 15th January, 2018] and minimum of ₹ 71.75 [on 26th March, 2018] at BSE.

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

Sl No.	Month	BSE Limited			National Stock Exchange of India Limited		
		High (₹)	**Low (₹)**	**Volume**	**High (₹)**	**Low (₹)**	**Volume**
1	April 2017	88.65	78.70	13845492	88.65	78.60	55993078
2	May 2017	99.75	74.50	19711784	99.80	74.60	85953319
3	June 2017	89.45	74.60	8563596	89.50	74.75	39486576
4	July 2017	89.10	74.50	14286943	89.20	74.30	62704652
5	August 2017	106.45	86.00	29466424	106.40	85.95	153626916
6	September 2017	104.70	86.15	16075986	104.70	86.00	78259544
7	October 2017	95.75	86.10	14881974	95.70	86.25	77724095
8	November 2017	102.00	86.00	19487810	102.35	86.15	109213544
9	December 2017	98.40	86.20	16453012	98.30	86.10	87848106
10	January 2018	111.50	93.30	30031816	111.40	93.25	156621334
11	February 2018	100.75	78.00	11074785	100.70	76.85	62118763
12	March 2018	83.75	71.75	10336988	83.80	71.50	43798370

Out of the total 55,16,88,100 equity shares, 55,06,34,575 shares, i.e., 99.81% are in demat segment and only 10,53,525 i.e. 0.19 % are in physical form.

Your Company's financial year is 1st April, 2017 to 31st March, 2018. The Share holding pattern as on 31st March, 2018 is as under:

Category	No. of Shares	% of Holding
President of India (GOI)	41,37,69,483	75.00
Mutual Funds and UTI	7,300	0.00
Insurance Companies	60,54,475	1.10
Financial institutions, Banks	1,29,86,740	2.35
Foreign Institutional Investors and Foreign Portfolio Investors	80,84,621	1.47
Bodies Corporate	1,48,29,870	2.69
Indian Public	8,32,72,841	15.09
NRIs/OCBs/Foreign Nationals/Foreign Portfolio Investors (Individual)	32,57,874	0.59
Clearing Members, Trusts, IEPF and HUF	94,24,896	1.71
Total	**55,16,88,100**	**100.00**

Your Company has not issued any GDRs/ADRs/Warrants or any convertible instruments so far.

Unclaimed Dividend

In case of non-receipt of dividend, shareholders may write to the Company Secretary or to M/s. Link Intime India Private Limited [R&T Agent] furnishing the particulars of the dividend not received, quoting the folio number/client ID particulars in case of dematerialized shares. On verification of the records, if the dividend warrants remain unpaid in the records of the Company after expiry of the validity period, duplicate dividend warrants will be issued.

Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend for the financial year ended 31st March, 2011 which remains unclaimed on 29th October, 2018 will be transferred by the Company to the Investor Education and Protection Fund [IEPF] established by the Central Government. The dividend for the undernoted years, if remaining unclaimed, for a period of seven years will be statutorily transferred by the company to IEPF in accordance with the schedule given below:

Sl. No	Financial Year	Date of declaration of dividend	Unclaimed dividend as on 31.03.2018	Last date for claiming unpaid dividend
1	31.3.2011	23.09.2011	5,62,952.50	29.10.2018
2	31.3.2012	31.08.2012	8,63,140.60	06.10.2019
3	31.3.2013	30.08.2013	10,61,754.00	05.10.2020
4	31.3.2014	19.09.2014	10,45,858.50	25.10.2021
5	31.3.2015	27.08.2015	13,03,545.60	01.10.2022
6	31.3.2016	23.09.2016	7,95,305.30	28.10.2023
7	31.3.2017	21.09.2017	14,84,286.10	26.10.2024

Payment of dividend

The Board of Directors of your Company have recommended a dividend of ₹0.60/- per share for the financial year 2017-18 subject to the approval of the members at ensuing Annual General Meeting which will be paid after 21st September, 2018.

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.

The Registered and Corporate office of your Company is at "Priyadarshini", Eastern Express Highway, Sion, Mumbai 400 022. Your Company has two manufacturing units located at Mahul Road, Trombay, Mumbai-400 071 and at Alibag, Thal, Raigad District, Maharashtra. Your Company markets its products through various marketing offices located throughout the Country.

Registered Office/Address for Correspondence:
The Company Secretary
Rashtriya Chemicals and Fertilizers Limited
"Priyadarshini", 10th floor,
Eastern Express Highway, Sion,
Mumbai 400 022, Maharashtra, India.
Tel. 022 2404 5024
e-mail: investorcommunications@rcfltd.com

Calendar of events:

Sl. No.	Event	Likely date
(i)	Announcement of 1st Quarterly (unaudited) financial result for FY 2018-19	On or before 14th August, 2018
(ii)	Book Closure for the purpose of Dividend and AGM.	Saturday, 15th September, 2018 to Friday, 21st September, 2018 (both days inclusive)
(iii) (a)	AGM for 2017-18 : Date	21st September, 2018 at 3 p.m.
(iii) (b)	AGM for 2017-18: Venue	"Sivaswami Auditorium", Fine Arts Society, Chembur, Mumbai 400 071.
(iv)	Announcement of unaudited half yearly result for FY 2018-19	On or before 14th November, 2018
(v)	Announcement of 3rd quarterly (unaudited) financial result for FY 2018-19	On or before 14th February, 2019
(vi)	Announcement of Audited results for FY 2018-19	On or before 30th May, 2019

Listing of Shares on Stock Exchanges:

Your Company's shares are presently listed on the following Stock Exchanges:

(i) BSE Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 [Stock code -524230]

(ii) National Stock Exchange of India Limited, (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra [E], Mumbai 400 051.[Stock code - RCF]

Your Company has paid listing fee for the Financial Year 2018-19 to both BSE and NSE where its securities have been listed. There has been no default in the payment of listing fee. Your Company has also paid Annual Custody fee to NSDL and CDSL and there is no default in payment to the depositories.

Distribution of shareholding:

The shareholding distribution of equity shares of nominal value of ₹10/- each as on 31st March, 2018 is as under:-

Sl. No.	No. of Shares held	No. of shareholders	% of total	Share amount [₹]	% of total
1	1 - 500	139791	82.96	22169481	4.02
2	501 - 1000	15244	9.05	12832701	2.33
3	1001 – 2000	6914	4.10	10895133	1.97
4	2001 – 3000	2308	1.37	6009114	1.09
5	3001 – 4000	968	0.57	3537350	0.64
6	4001 – 5000	989	0.59	4775033	0.87
7	5001 – 10000	1255	0.75	9492321	1.72
8	10001 - and above	1026	0.61	481976967	87.36
	Total	**168495**	**100.00**	**551688100**	**100.00**

Dividend Distribution Policy.

Your Company has adopted the Dividend Distribution Policy of the Company as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in its meeting held on 18th November, 2016.

In the interest of providing transparency to the shareholders, the Policy sets out the circumstances and different factors i.e. internal and external including financial parameters for consideration by the Board while declaring dividend or of retention of profits and the circumstances under which the shareholder of the company may not expect any dividend.

Your Company has been paying dividend from its inception except in the years 1993-94 and 2002-03. Your Company endeavours to pay dividend ensuring, generally, that the payout is about 30% of its net profit after tax.

Performance in comparison to broad based indices.

The relative performance of the shares with that of indices is as under:

	Sensex	Nifty	BSE-PSU Index	RCF Price (₹) (BSE)
March, 2017	29,620.50	9,173.75	8,596.71	81.75
March 2018	32,968.68	10,113.70	7,861.11	73.20
Increase/ (decrease)	3,348.18	939.95	(735.60)	(8.55)
% of Increase /(decrease)	11.30	10.20	(8.56)	(10.46)

Disclosures:

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. which may have a potential conflict with the interest of your Company.

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.

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.

The Company has complied with all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Trading in your Company's shares by Directors and designated Employees:

None of the Directors holds shares in your Company except Shri Sudhir D. Panadare who holds 100 equity shares in the Company.

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

Details of non-compliance during the last three years

There were no cases of non-compliance by the Company on any matter related to capital markets during the last three years and no penalties / strictures were enforced on the Company by Stock Exchanges / SEBI or any other statutory authority.

Compliance with mandatory requirement of SEBI (LODR)

The Company has complied with all the mandatory requirements of SEBI (LODR) except in respect of composition of the Board of Directors with regard to at-least 50% Independent Directors. Your Company, being a Government Company under the administrative control of the Ministry of Chemicals and Fertilizers, Department of Fertilizer, Government of India, the power to appoint Directors (including Independent Directors) vests with the Government of India. Your Company is pursuing with the Government of India to induct requisite number of Independent Directors.

Guidelines on Corporate Governance by DPE

Your Company is complying with the all the requirements of the DPE Guidelines on Corporate Governance except in respect of composition of the Board of Directors with regard to 50% independent Directors. Your Company, being a Government Company, is pursuing with the Government of India to induct requisite number of Independent Directors.

No items of expenditure have been debited in books of accounts, which are not for the purpose of business. No expenses, which are of personal nature, have been incurred for the Board of Directors and top management.

The regular administrative and office expense were 0.90 % of total expense during 2017-18 as against 0.79% during the previous year.

Compliance Officer

Shri J. B. Sharma, Company Secretary, is the Compliance Officer of the Company.

Prevention of Insider Trading

The Company has adopted a Code of Conduct for prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary of the company is responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code.

Management Discussion & Analysis Report

Management discussion & Analysis Report is annexed to the Directors' Report which forms part of this Annual Report.

CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To

The Members of

Rashtriya Chemicals and Fertilizers Limited

We have examined the compliance of conditions of Corporate Governance by **Rashtriya Chemicals and Fertilizers Limited** ("the Company") for the year ended March 31, 2018 as stipulated as in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations subject to the following:

a) The Company does not have requisite number of Independent Directors on its Board required under Reg. 17(1)(b) of Listing Regulations.

b) Performance evaluation of Independent Directors was not carried by the Board as required under Reg. 17(10) 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 13, 2018

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED.

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Rashtriya Chemicals and Fertilizers Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs(financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, and its profit/loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

a) **Note No 47 (b):** The matter relating to the issue of unintended benefits accruing to units using domestic gas for manufacture of nutrient "N" has been referred and is pending before an Inter-Ministerial Committee (IMC) of Government of India (GoI). An amount of ₹ 198.94 crore has been withheld by Department of Fertilizers (DOF) for the period January, 2014 to September, 2015 towards the same. DoF has recently agreed to release the amount withheld against submission of bank guarantee, which has since been submitted. Pending final decision on the said matter and since the Company is of the view that no unintended benefits have accrued to it and is expecting full recoverability of the same, Company has continued to recognize subsidy income on P&K fertilizers at the rates notified by DoF.

b) **Note No 48:** Consequent to Gas pooling being made applicable to Fertilizer (Urea) sector w.e.f. 1st June, 2015, it is expected that a differential pricing of gas may be made applicable for non-urea usage. Company has represented to DoF for maintaining supply of domestic gas for P&K fertilizers and chemicals. Further effective from 16th May, 2016 the Company has entered into a contract for procurement of market priced gas for non-urea operations at Trombay unit.

In the interim, Ministry of Petroleum & Natural Gas (MoPNG) vide its order No. L-13013/3/2012-GP-I, dated: 16th December, 2015 has directed GAIL (India) Limited to levy a higher gas price (i.e. the highest rate of RLNG used for production of urea) for gas consumed in non-urea operations. As the matter relating to the same is pending before the IMC for decision, Company has represented that any decision on the same be taken only upon the issue being settled by the IMC of GoI.

Pursuant to the said order, GAIL has sought a differential levy amounting to ₹ 1442.84 crore for the period commencing from 1st July 2006 till 31st March 2017 and has initiated arbitration proceeding towards non-payment of the same, which has been currently referred to Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD).

Company has also represented this matter to Department of Fertilizers for dispute resolution as the matter relating to the same is pending before the IMC of GoI.

However, pending finalization of price payable as per the MoPNG order, a liability of ₹ 211.79 crore as on 31st March, 2018 (₹ 210.63 crore upto 31st March, 2017) has been recognized for the period commencing from 1st June, 2015 based on the difference between the domestic gas price and pooled / market price of gas for its non-urea operations as applicable.

c) **Note No 65 (a):** Net fair value gain of ₹ 107.94 crore on account of valuation of Development Right Certificate received from Municipal Corporation of Greater Mumbai towards surrender of land in accordance with IND-AS 38 and Guidance Note on Accounting for Real Estate Transactions issued by Institute of Chartered Accountants of India. Tax expense includes the Capital Gains Tax impact on the same.

d) **Note No 65 (b):** Past service gratuity cost of ₹ 108.06 crore on account of increase in gratuity limits from ₹ 10 lakh to ₹ 20 lakh in line with Notification dated 29th March, 2018 issued by the Ministry of Labour and Employment.

Our opinion 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 in terms of Section 143(11) of the Act, we give in **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (5) of the Act, we give in **"Annexure B"** the directions and sub-directions issued by the Comptroller and Auditors General of India, the action taken thereon and its impact on the accounts and financial statements of the Company.

3. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure C"**.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 41 to the standalone Ind AS financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There is no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Regn. No. 104607W / W100166

Sai Venkata Ramana Damarla
Partner
Membership. No. 107017

For CHHAJED & DOSHI
Chartered Accountants
Firm Regn. No 101794W

Nitesh Jain
Partner
Membership. No. 136169

Place: Mumbai
Dated: May 28, 2018

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 Ind AS financial statements for the year ended March 31, 2018.

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, 2018 (₹ Crores)	Net Block as at March 31, 2018 (₹ Crores)	Remarks
1	2	Free Hold Land –Thal (1824903 Sq. Mtr. of land)	1.60	1.60	The Company is in the process of Transferring the title deeds.
2	1	FreeHold 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, and limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of sub-clause (a), (b) and (c) of paragraph 3(iii) of the Order are not applicable.

iv. In our opinion and according to the information and explanations given to us, the Company has not advanced any loans or made any investments or provided any guarantees or security to the parties covered under section 185 of the Act. The Company has given loans, made investments in the securities of other body corporate and given guarantees within the limit specified by section 186 of the Act and details of such transactions have been disclosed in the standalone Ind AS 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, Goods and Service Tax Cess and other material statutory dues with the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues in respect of above as on the last day of the financial year for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us and the records examined by us, there are no material dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise and Value added tax outstanding on account of any dispute except:

Sr. No.	Name of the Statute	Nature of Dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
1	Customs Act, 1962	Demand of Customs duty and penalty (Trombay Unit)	25.62	2004-05	Central Excise, Service Tax Appellate Tribunal
2	Customs Act, 1962	Demand of Differential Customs Duty on import of Urea, MOP & DAP (Marketing)	80.77	2009-10	Assistant Commissioner of Customs, Dharamtar,Alibaug
3	Customs Act, 1962	Demand of Differential customs duty on import of Potash (Marketing)	0.16	2012-13	Commissioner of Customs, Mangalore
4	Income Tax Act, 1961	Disallowance of additional depreciation claimed	3.93	A.Y 2013-14	Commissioner of Income Tax (Appeals)
5	Income Tax Act, 1961	Disallowance of additional depreciation claimed	6.55	A.Y 2014-15	Income Tax Appellate Tribunal
6	Income Tax Act, 1961	Disallowance of additional depreciation claimed	5.43	A.Y 2015-16	Commissioner of Income Tax (Appeals)
7	Income Tax Act, 1961	Demand of Tax for Short Deduction / non deduction of TDS	1.47	A.Y 2008-09 to 2017-18	Commissioner of Income Tax (Appeals)
8	Sales Tax, Maharashtra	Disallowance / errors in calculation of set off etc., in the Assessment Order Passed	2.77	2010-11	Joint Commissioner of Sales Tax (Appeals)
			1.23	2011-12	
			6.39	2012-13	
			6.96	2013-14	
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
		Withheld of subsidy on account of Diversion of urea for industrial usages (Thal Unit)	4.12	2015-16	Commissioner of Central Excise

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)	2.99	September 1989 to December 2015	Commissioner of Central Excise (Appeals)
		Rapid Wall Plaster cleared with Nil Rate of duty (Trombay Unit)	3.19	July 2010 to March 2016	Dy. Commissioner / Commissioner of Central Excise (Appeals)
		Wrong availment of CENVAT Credit on Angles, Channels, TMT Bars. Etc. (Trombay Unit)	0.10	April 2007 to August 2011	Dy. Commissioner Central Excise (Appeals)
		Withheld of subsidy on account of Diversion of urea for industrial usages (Trombay Unit)	0.72	2015-16	Commissioner of Central Excise
11	Service Tax	Demand of Service Tax on supply of Btal wagons (IPD Dept.)	0.14	April 2008 to December 2012	Appellate Authority , Mumbai
12	Service Tax	Demand of Service Tax on Dispatch Money (Mktg. Dept.)	0.24	April 2015 to March 2017	Asst. Commissioner of CGST & C.X. Division-1 , Mumbai
13	Service Tax	Demand of Service Tax on LD (Corporate Dept.)	0.03	April 2012 to March 2015	Dy. Commissioner of Central Excise, Customs & Service Tax
14	Service Tax	Demand of Service Tax on wrong availment and distribution of CENVAT (Corporate Dept.)	0.10	April 2014 to March 2015	Dy. Commissioner of Central Excise, Customs & Service Tax
15	Service Tax	Demand of Service Tax on Handling Charges	0.01	April 2006 to March 2008	Superintendent Service Tax, Aurangabad
16	Service Tax	Demand of Service Tax on supply of wagon to Central Railway (Thal Unit)	2.05	April 2008 to December 2015	Commissioner of Central Excise, Customs & Service Tax
17	Service Tax	Demand of Service Tax on fees received for Operation and maintenance of HWP (Thal Unit)	14.36	October 2006 to June 2017	Addl. Commissioner of Central Excise, Customs & Service Tax
18	Service Tax	Demand of Service Tax on wrong availment of CENVAT credit in respect of input services used in the manufacture of exempted goods (Thal Unit)	11.57	April 2011 to June 2017	Commissioner of Central Excise, Customs & Service Tax
19	Service Tax	Penalty on account of non-deduction of service tax on gross assessable value (Thal Unit)	0.16	October 2011 to May 2012	Addl. Commissioner of Central Excise, Customs & Service Tax

20	Service Tax	Non-payment of service Tax on Routine Maintenance Charges of private railway Siding (Thal Unit)	1.93	March 2012 to August 2015	Commissioner of Central Excise, Customs & Service Tax
21	Service Tax	Demand of Service Tax on wrong availment of CENVAT credit in respect of imported goods (Thal Unit)	0.08	March 2012 to September 2013	Addl. Commissioner of Central Excise, Customs & Service Tax

viii. According to information and explanation given to us and based on examination of the records, the Company has not defaulted in repayment of loans or borrowings to bank. The Company does not have any dues to financial institution, government or debenture holders.

ix. The Company has not raised money through initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us and based on the documents and records examined by us on an overall basis, the term loans obtained by the Company were applied for the purpose for which the loans were obtained.

x. During the course of our examination of the books of account and records of the Company, and according to the information and explanation given to us and representations made by the Management, no material fraud by or on the Company by its officers or employees, has been noticed or reported during the year.

xi. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, provisions of paragraph 3(xii) of the Order are not applicable

xiii. According to the information and explanation given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with the directors or persons connected with him. Hence the provisions of Section 192 of the Act are not applicable.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934, hence the provisions of paragraph 3 (xvi) of the Order are not applicable.

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Regn. No. 104607W / W100166

Sai Venkata Ramana Damarla
Partner
Membership. No. 107017

For CHHAJED & DOSHI
Chartered Accountants
Firm Regn. No 101794W

Nitesh Jain
Partner
Membership. No. 136169

Place: Mumbai
Dated: May 28, 2018

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 Ind AS financial statements for the year ended 31st March, 2018.

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. Mtr.)	Area in the name of RCF (in Sq. Mtr.)	Remarks
RCF Trombay	Freehold Land	30,89,013	27,10,692	The company does not have clear title for free hold land at Trombay measuring 3,78,321 Sq. Mtr. 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	81-26.21 hectares	Balance 1-97.50 Hectares of land, is not in name of RCF. 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	322-75.73 Hectares	The company does not have clear titles for free hold land at Thal measuring 18,24,903 sq. Mtr. As informed to us, matter is being taken up with concerned authorities for reconciliation of area.

* The matter is being taken up with the concerned authorities for reconciliation of area.

iii. **MARKETING/AREA OFFICES/CORPORATE**

Location	Particulars	Area (in Sq. feet/ Sq meter/ Acre	Whether company has clear title deed to the land
AHMEDNAGAR Survey No.20,II Lines, Karachi wala Nagar, Near Mahesh Talkies Ahmednagar, Maharashtra- 414001.	Freehold Land	840 Sq meters	YES
LUCKNOW TC/10 V, Vibutikhand Gomtinagar, Lucknow, U.P.	Freehold Land	1000 Sq meters	YES
DELHI OFFICE H-9 Green Park Extension New Delhi -110016	Freehold Land	387.06 Sq meters	YES

B) **Information on Leasehold land**

The leased deeds and other details of leased hold land are separately available with the Company. As regards disclosure of the same in the books of account/financial statements of the Company under Ind AS, the carrying value of the same amounts to ₹.2.76 Crore, which has been reported as leased premium prepaid under Note no- 8 and Note no. 15 of standalone Ind AS financial statements.

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 ₹ 0.50 crore has been written off towards bad debts. This is in line with the Company's accounting policy on provision for bad and doubtful debts and write off of the same.

3. **Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities**

Based on the audit procedures performed by us and as per the information and explanations given to us, proper records are maintained for inventories lying with third parties and are confirmed on the basis of warehousing certificates and confirmations.

Based on the records examined by us, during the year, the Company has not received any assets as gift from Government or other authorities.

B. **Sub-directions**

1. State the area of land under encroachment and briefly explain the steps taken by the Company to remove encroachments.

To the best of our knowledge and belief and according to the information and explanations given to us, instances of encroachment of land have been observed at Trombay unit which are as under:-

i. Approx. 5 acres of land which is in the name of RCF has been encroached since the time of FCI. The value of the land cannot be determined exactly. RCF has approached the agencies like MMRDA for development of this land.

ii. Approx. 15 Acres is under slum/encroached since 1980.Slums from other pockets were shifted on this land and is without clear title in favour of RCF. The matter is taken up with appropriate authorities for obtaining clear title in favour of RCF.

Both the matters are pending in Mumbai High Court for resolution. As explained to us, other than the above there are no cases of encroachment of land at other locations.

2. (i) **Whether subsidy received/recoverable from Government of India has been properly accounted for as per claims admitted.**

Based on the audit procedures performed by us and as per the information and explanations given to us, subsidy received/ recoverable from Government of India has been properly accounted for as per claims admitted. In addition to the same, for the rates yet to be notified due to escalations/ de-escalations in the cost of inputs and other costs, subsidy has been accounted on estimated basis which is in line with its stated accounting policy of revenue recognition given in notes to the standalone Ind AS financial statements for the year 2017-18.

(ii) **Whether subsidy received during the year has been reconciled with subsidy disbursed by the Government of India.**

Subsidy received during the year amounting to ₹ 3879.22 Crore is in agreement with the amount disbursed by the Government of India.

3. **Whether the Transferable Development Rights (TDR) from Maharashtra Government properly valued and accounted for during 2017-18.**

Company has received Development Right Certificate (TDR Credit) on 01.11.2017 from MCGM for 16530 Sq. Mtrs which was initially recognized at Fair Value for of ₹ 63.04 crores.

In accordance with Development Control Regulation of Greater Mumbai, 1991, Company has also recognized additional TDR credit, being 20% bonus on the unencumbered land surrendered amounting to ₹ 6.30 crore as recommended by MMRDA.

For remaining 40,585 sq. mtrs of encumbered land, the Company has recognised additional TDR credit receivable amounting to ₹ 38.60 Crores in accordance with Regulation 34 of Development Control Regulation of Greater Mumbai, 1991 as recommended by MMRDA.

Particulars	**Area (Sq. Mtr.)**	**TDR Rate**	**TDR Received (Sq. Mtr.)**	**TDR Accrued (Sq. Mtr.)**	**TDR Values ₹ Crore**
Unencumbered Land	8,265	2 times +20% Bonus	16,530	1,653	69.34
Encumbered Land	40,585	0.25 times		10,146	38.60
	48,850		**16,530**	**11,799**	**107.94**

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Regn. No. 104607W / W100166

Sai Venkata Ramana Damarla
Partner
Membership. No. 107017

For CHHAJED & DOSHI
Chartered Accountants
Firm Regn. No 101794W

Nitesh Jain
Partner
Membership. No. 136169

Place: Mumbai
Dated: May 28, 2018

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para 3 (f) 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the standalone Ind AS financial statements for the year ended March 31, 2018.

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, 2018 in conjunction with our audit of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India"

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Regn. No. 104607W / W100166

Sai Venkata Ramana Damarla
Partner
Membership. No. 107017

For CHHAJED & DOSHI
Chartered Accountants
Firm Regn. No 101794W

Nitesh Jain
Partner
Membership. No. 136169

Place: Mumbai
Dated: May 28, 2018

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2018

The preparation of Standalone Financial Statements of Rashtriya Chemicals and Fertilizers Limited, Mumbai for the year ended 31 March 2018 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 28 May 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit under Section 143 (6) (a) of the Act of the Standalone Financial Statements of Rashtriya Chemicals and Fertilizers Limited, Mumbai for the year ended 31 March 2018. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor’s report.

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

(Roop Rashi)
Principal Director of Commercial Audit and
Ex-officio Member, Audit Board-I, Mumbai

Place: Mumbai
Date: 6 August 2018

BALANCE SHEET AS AT 31ST MARCH 2018

₹ Crore

PARTICULARS	Note No.	AS AT 31.03.2018	AS AT 31.03.2017
ASSETS			
1. NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	1	1903.49	1538.24
(b) Capital Work in Progress	1.4	152.36	107.24
(c) Investment Property	2	5.10	5.25
(d) Intangible Assets	3	1.41	3.35
(e) Financial Assets			
(i) Investments			
Investment in Joint Ventures	4	5.02	0.02
Other Investments	4	57.38	44.88
(ii) Trade Receivables	5	-	-
(iii) Loans	6	0.41	0.60
(iv) Others	7	0.34	0.96
(f) Other non-current assets	8	326.62	334.24
		2452.13	**2034.78**
2. CURRENT ASSETS			
(a) Inventories	9	741.65	793.30
(b) Financial Assets			
(i) Trade Receivables	10	2955.41	3641.72
(ii) Cash and Cash Equivalents	11	5.24	10.31
(iii) Bank balances other than (ii) above	12	0.71	2.70
(iv) Loans	13	6.86	1.32
(v) Others	14	81.21	17.52
(c) Other Current Assets	15	177.33	34.13
		3968.41	**4501.00**
TOTAL ASSETS		**6420.54**	**6535.78**
EQUITY AND LIABILITIES			
A. EQUITY			
(a) Equity Share Capital	16	551.69	551.69
(b) Other Equity	17	2378.00	2373.33
		2929.69	**2925.02**
B. LIABILITIES			
1. NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	18	320.06	113.84
(ii) Trade Payables	19	211.79	210.63
(iii) Other Financial Liabilities	20	34.71	16.40
(b) Provisions	21	253.78	141.61
(c) Deferred Tax Liabilities(Net)	22	219.77	218.81
(d) Other non-current liabilities	23	26.38	15.85
		1066.49	**717.14**

BALANCE SHEET AS AT 31ST MARCH 2018

₹ Crore

PARTICULARS	Note No.	AS AT 31.03.2018	AS AT 31.03.2017
2. CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	24	934.59	1545.54
(ii) Trade Payables	25	697.40	634.33
(iii) Other Financial Liabilities	26	432.84	347.77
(b) Other Current Liabilities	23	185.71	217.32
(c) Provisions	27	137.80	132.51
(d) Current Tax Liabilities (Net)	28	36.02	16.15
		2424.36	**2893.62**
TOTAL EQUITY AND LIABILITIES		**6420.54**	**6535.78**
Statement of Significant Accounting Policies	A		
Explanatory Information on Financial Statements	40 - 76		

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

(Umesh V. Dhatrak)
Chairman & Managing Director
DIN : 07718394

(Umesh Dongre)
Director (Finance)
DIN : 08039073

(J. B. Sharma)
Company Secretary
Membership No: FCS5030

Dated : 28th May, 2018
Place: Mumbai

As per our report of even date attached

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
Firm Regn. No.104607W / W100166

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

For **Chhajed & Doshi**
Chartered Accountants
Firm Regn. No. 101794W

(Nitesh Jain)
Partner
Membership No: 136169

Dated : 28th May, 2018
Place: Mumbai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

	PARTICULARS	Note No.	Year Ended 31.03.2018	Year Ended 31.03.2017
I	Revenue from Operations	29	7318.63	7224.16
II	Other Income	30	61.24	66.99
III	**Total Income(I+II)**		**7379.87**	**7291.15**
IV	**Expenses:**			
	Cost of Materials Consumed	31	2995.89	2825.50
	Purchases of Stock in Trade	32	213.66	225.68
	Changes in Inventories of Finished Goods and Stock in Trade	33	14.64	146.93
	Employee benefits expense	34	573.75	503.64
	Finance costs	35	62.59	93.98
	Depreciation and amortization expense / Impairment	36	137.04	141.10
	Other Expenses	37	3253.96	3105.59
	Total Expenses		**7251.53**	**7042.42**
V	**Profit before exceptional items (III-IV)**		**128.34**	**248.73**
VI	**Exceptional Items**	**38**	**0.12**	**-**
VII	**Profit before tax (V-VI)**		**128.22**	**248.73**
VIII	**Tax Expense**			
	(1) Current tax		72.75	90.67
	(2) Deferred tax		(4.06)	1.94
	(3) Taxation adjustment of earlier years Excess(-)/Short(+)		(19.27)	(23.14)
IX	**Profit for the year (V-VI)**		**78.80**	**179.26**
X	**Other Comprehensive Income**	39		
	(i) Items that will not be reclassified to profit or loss		(0.61)	2.99
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.48)	(1.02)
	Other Comprehensive Income for the year (X)		(1.09)	1.97
IX	**Total Comprehensive Income for the year (IX+X)**		**77.71**	**181.23**
XII	Earnings per equity share			
	Basic and Diluted Earnings per share (in ₹)	54	1.43	3.25
	Statement of Significant Accounting Policies	A		
	Explanatory Information on Financial Statements	40 - 76		

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

As per our report of even date attached

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
Firm Regn. No.104607W / W100166

For **Chhajed & Doshi**
Chartered Accountants
Firm Regn. No. 101794W

(Umesh V. Dhatrak)
Chairman & Managing Director
DIN : 07718394

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

(Nitesh Jain)
Partner
Membership No: 136169

(Umesh Dongre)
Director (Finance)
DIN : 08039073

Dated : 28th May, 2018
Place: Mumbai

(J. B. Sharma)
Company Secretary
Membership No: FCS5030

Dated : 28th May, 2018
Place: Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

	PARTICULARS	Year Ended 31.03.2018		Year Ended 31.03.2017	
A	**Cash Flow From Operating Activities**				
	Net Profit before tax		128.22		248.73
	Adjustments for :				
	Depreciation/Loss on impairment of Assets	137.24		141.29	
	Profit(-) / Loss on sale of Assets	(2.06)		0.91	
	Interest Income	(8.78)		(5.47)	
	Dividend Income	(0.27)		(0.19)	
	Interest and Finance Charges	62.59		93.98	
	Provision for Bad/Doubtful debts	17.01		2.35	
	Unrealised Foreign Exchange (Gain) /Loss	14.01		8.74	
			219.74		241.61
	Operating Profit before Working Capital Changes		347.96		490.34
	Adjustments for :				
	Trade and Other Receivables	420.74		806.94	
	Inventories	51.65		361.62	
	Trade Payables and Other Liabilities	274.43		8.00	
			746.82		1176.56
	Cash Generated from Operations		1094.78		1666.90
	Direct Taxes Paid		(16.66)		(71.50)
	Net Cash from Operating Activities ------ A		**1078.12**		**1595.40**
B	**Cash Flow from Investing Activities**				
	Additions to Fixed Assets (Net of trade credit)	(500.90)		(187.91)	
	Sale of Fixed Assets	7.21		1.95	
	Purchase of Investments -Joint Ventures and Subsidiary	(5.00)		-	
	Inter Corporate Advances	(6.00)		-	
	Interest Received	8.75		5.49	
	Dividend Received	0.27		0.19	
			(495.67)		(180.28)
	Net Cash from Investing Activities ----- B		**(495.67)**		**(180.28)**
C	**Cash Flow from Financing Activities**				
	Net Proceeds /Repayment of Working capital facilities and short term loans	(626.45)		(1061.69)	
	Proceeds from Term loans	296.22		68.38	
	Repayments of Term loans	(123.14)		(238.84)	
	Interest paid	(61.16)		(101.00)	
	Dividend paid (including Dividend Distribution tax)	(72.99)		(73.02)	
			(587.52)		(1406.17)
	Net Cash from Financing Activities ----- C		**(587.52)**		**(1406.17)**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

₹ Crore

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017
Net Increase/Decrease(-) in Cash and		
Cash Equivalent (A+B+C)	(5.07)	8.95
Cash and Cash Equivalents as at 1st April (Opening Balance)	10.31	1.36
Cash and Cash Equivalents as at 31st March (Closing Balance)	5.24	10.31
Components of Cash and Cash Equivalents		
Cash on hand	0.01	0.02
Cheques in hand	-	0.07
Balance With Scheduled Banks		
in Current and Cash Credit Accounts	5.23	10.18
in Term Deposits with less than 3 months maturity	-	0.04
	5.24	**10.31**

Note:

1. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7 on Cash Flow Statement and presents cash flows by operating , investing and financing activities.
2. Figures in the Bracket are outflows / deductions.
3. Figures of the previous year have been regrouped / rearranged wherever necessary to make it comparable to the current year presentation.
4. The cash credit facilities availed from bank are part of financing activity which do not form part of cash and cash equivalents for Cash Flow Statement purpose.

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

(Umesh V. Dhatrak)
Chairman & Managing Director
DIN : 07718394

(Umesh Dongre)
Director (Finance)
DIN : 08039073

(J. B. Sharma)
Company Secretary
Membership No: FCS5030

Dated : 28th May, 2018
Place: Mumbai

As per our report of even date attached

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
Firm Regn. No.104607W / W100166

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

For **Chhajed & Doshi**
Chartered Accountants
Firm Regn. No. 101794W

(Nitesh Jain)
Partner
Membership No: 136169

Dated : 28th May, 2018
Place: Mumbai

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018

A. EQUITY SHARE CAPITAL

₹ Crore

Balance as at 01.04.2017	Changes in equity share capital during the year	Balance as at 31.03.2018	Balance as at 01.04.2016	Changes in equity share capital during the year	Balance as at 31.03.2017
551.69	-	551.69	551.69	-	551.69

B. OTHER EQUITY

FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

	Reserve & Surplus		Items of other Comprehensive Income	Total
	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	
Balance as at 01.04.2017	**2343.49**	**-**	**29.84**	**2373.33**
Profit for the year	-	78.80	-	78.80
Other Comprehensive Income (Net of Tax)	-	(8.57)	7.48	(1.09)
Total Comprehensive Income for the year	-	70.23	7.48	77.71
Dividend paid (Including Dividend Distribution Tax) Refer note no. 17	-	(73.04)	-	(73.04)
Transfer From General Reserve	(2.81)	2.81	-	-
Balance as at 31.03.2018 *	**2340.68**	**-**	**37.32**	**2378.00**

FOR THE YEAR ENDED 31ST MARCH 2017

₹ Crore

	Reserve & Surplus		Items of other Comprehensive Income	Total
	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	
Balance as at 01.04.2016	**2236.48**	**-**	**28.66**	**2265.14**
Profit for the year	-	179.26	-	179.26
Other Comprehensive Income (Net of Tax)	-	0.79	1.18	1.97
Total Comprehensive Income for the year	-	180.05	1.18	181.23
Dividend paid (Including Dividend Distribution Tax) Refer note no. 17	-	(73.04)	-	(73.04)
Transfer to General Reserve	107.01	(107.01)	-	-
Balance as at 31.03.2017*	**2343.49**	**-**	**29.84**	**2373.33**

* The closing balance in General Reserve is arrived after adjustment of Remeasurement of Defined Benefit Plans amounting to (₹ 8.57) crore (P.Y. ₹ 0.79 crore) during the year net of current tax amounting to (₹ 4.54) crore (P.Y. ₹ 0.43 crore)

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

(Umesh V. Dhatrak)
Chairman & Managing Director
DIN : 07718394

(Umesh Dongre)
Director (Finance)
DIN : 08039073

(J. B. Sharma)
Company Secretary
Membership No: FCS5030

Dated : 28th May, 2018
Place: Mumbai

As per our report of even date attached

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
Firm Regn. No.104607W / W100166

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

For **Chhajed & Doshi**
Chartered Accountants
Firm Regn. No. 101794W

(Nitesh Jain)
Partner
Membership No: 136169

Dated : 28th May, 2018
Place: Mumbai

A. Statement of Significant Accounting Policies forming Part of Financial Statements for the year ended 31st March 2018

I) Corporate information

The Company is a public company domiciled in India and is incorporated under provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is located at Priyadarshini, Eastern Express Highway, Sion Mumbai 400022.

The Company is engaged in the manufacturing and marketing of fertilizers and industrial chemicals.

II) Basis of preparation

a. The standalone financial statements of the Company have been prepared in accordance with accounting standards prescribed under Section 133 of the Companies Act 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act.

b. The standalone financial statements have been prepared under the historical cost and on accrual basis, except for the following:-

- Certain financial assets and liabilities(including Derivative financial instruments) measured at fair value
- Certain provisions recognized using actuarial valuation techniques
- Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.
- Transferable development Rights received upon surrender of rights on open land which are measured at fair value.

c. The standalone financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crores (₹ 00,00,000), except when otherwise indicated.

d. Significant accounting judgements, estimates and assumptions

1.1 The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities as at the Balance Sheet date.

1.2 Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Any revisions to the accounting estimates are recognized prospectively when revised, in current and future periods.

Some of the significant judgements and assumptions exercised are given as under:-

1.2.1 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed separately.

1.2.2 Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

1.2.3 Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the management considers the interest rates of government bonds in India.

The mortality rate is based on publicly available mortality tables as defined by LIC. Future salary increases is based on Company's assessment based on past trends.

1.2.4 Subsidy Income

As per extant policies covering subsidy of Urea, major inputs like cost of energy, water etc. are a pass through in the same. Since the notified rates of subsidy of urea incorporating actual revision takes time, recognition of subsidy is generally made on the basis of in principle recognition/ approval /settlement of claims from Government of India/Fertilizer Industry Co-ordination Committee while finalising the financial statements.

1.2.5 Provisions for obsolescence

Provisions towards obsolete/surplus inventory are recognized as per management estimates under the assumption that they may fetch 5% of their book value upon disposal.

1.2.6 Fair value measurements of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in assumptions could affect the reported value of fair value of financial instruments.

1.2.7 Application of Discount rates

Estimates of rates of discounting are done for measurement of fair values of certain financial assets and liabilities, which are based on prevalent bank interest rates and the same are subject to change.

1.2.8 Estimates of Useful lives of assets/ components

Company has identified significant components of plant and machinery and provides for depreciation over their useful lives as per its technical assessment.

1.2.9 Operating Lease

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement, is or contains a lease is fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly not specified in an arrangement.

For arrangements entered into prior 1st April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Lease arrangements in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

III) Significant accounting policies

A) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,

- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

The classification of an asset either current or non-current has been made applying the criteria of realization of such assets within a period of 12 months after the reporting date.

Where assets have been fully provided for as doubtful, the same are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period , or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

B) Foreign currencies

The standalone financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency.

a. Transactions and Balances

Foreign Currency transactions are accounted at the rates prevailing on the date of transaction. Year-end monetary assets and liabilities are translated at the exchange rate prevailing on the date of the Balance sheet.

Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit and loss for the period in which they arise, except for the following:-

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use (i.e. Capital Work in progress), are included in the cost of those assets when they are regarded as an adjustment on account of interest costs on those foreign currency borrowings.
- Non-monetary items that are measured in terms of historical cost in foreign currencies are reported using the exchange rates at the date of the transaction.

b. Exemption availed under Ind AS 101:-

Under Indian GAAP, Company had opted to capitalize exchange differences arising on translation of long term foreign currency monetary items in accordance with Para 46A of AS 11.

In accordance with Para D13AA of Ind AS 101, Company has continued with the policy of adjusting exchange differences arising on translation of long-term foreign currency monetary items outstanding as on 31st March 2018, related to acquisition of fixed assets, to the cost of the asset and depreciate the same over the remaining useful life of such asset. For this purpose, the Company treats a foreign currency monetary items as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its obligation.

C) Fair value measurement

The Company measures financial instruments, such as, derivatives, investments in equity instruments, etc. at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between the levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties, unquoted financial assets etc. Involvement of independent external valuers is decided upon annually by the Company. Further such valuation is done annually at the end of the financial year and the impact if any on account of such fair valuation is taken in the annual financial statements.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

D) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. Amounts disclosed as revenue are inclusive of excise duty and net of returns, rebates, Value added taxes and amounts collected on behalf of third parties.

Sale of Goods

Sales are recognized when goods are delivered and the significant risks and rewards of ownership have been transferred to the buyer.

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

Subsidy and Other Operating revenue

Recognition of Subsidy is generally made on the basis of in principle recognition/ approval/ settlement of claims from Government of India /Fertilizer Industry Co-ordination Committee.

Subsidy income is recorded based on the quantity sold during the financial year.

Subsidy on Urea

Subsidy on Urea is recognized based on Concession rate, including freight cost, as per the extant polices announced by the Government of India, further adjusted for input price escalation / de-escalation as estimated by the management based on the prescribed norms as notified by Government of India.

Subsidy on P&K Fertilizers

Subsidy on P&K fertilizers is recognized based on Concession rates, including freight cost, as notified by the Government of India under Nutrient Based Subsidy Scheme and Uniform Freight Policy.

Subsidy on Imported Urea

Subsidy on imported Urea is recognized based on lump sum compensation, including freight cost and other charges receivable from the Government of India, as per terms of agreement.

Remaining Other Operating revenue/other income are recognized on accrual basis.

Interest income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability.

For interest due from customers, vendor's etc. interest income is recognized when no significant uncertainty as to its realization exists and is accounted on time proportion basis at contracted rates.

Dividends

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental income

Rental income arising from operating leases is accounted on accrual basis in accordance with the terms of the contract since such charges are structured to increase in line with expected general inflation to compensate for expected inflationary cost.

Commission Income

For certain arrangements, Company acts as an agent. The role of the Company either as an agent or a principal is determined based on evaluation of the its role as a primary obligor, has the pricing latitude in the said arrangements, its exposure to inventory risks and credit risks, on case to case basis.

Government grants

Government grants are recognized in statement of profit and loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate and are presented within Other income.

Government grants relating to purchase of property, plant and equipment are credited to Statement of profit and loss on a Straight-line basis over the expected lives of the related assets.

Others

Insurance and other miscellaneous claims are recognized on receipt/acceptance of claim.

Income from sale of Certified Emissions Reductions (CER's)/Voluntary Emissions Reductions (VER's) is recognized on delivery and confirmation of the same by the concerned authorities.

E) Taxation

Income tax expense for a financial year represents the sum of tax currently payable, adjustments for tax provisions of previous years and deferred tax.

a. Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax items are recognized in correlation to the underlying transaction either in Other Comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of a asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting period.

c. **Current Tax and Deferred Tax**

Current and Deferred tax are recognized in Statement of Profit and loss, except when they relate to items that are recognized in Other Comprehensive Income (OCI) or directly in equity, in which case , the current and deferred tax are also recognized in OCI or directly in equity respectively.

d. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate taxable entity and the same taxation authority.

F) Property, plant and equipment

All items of property, plant and equipment, including freehold land are initially recorded at cost, net of recoverable taxes and discounts.

The cost includes the cost of replacing part of the property, plant and equipment meeting the recognition criteria and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment upto the date of commissioning of the assets.

Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Spares costing (Unit value of ₹10 lacs and above), and other components which are required to be replaced at intervals, meeting the recognition criteria have been classified as Plant and equipment and are depreciated separately based on their specific useful lives.

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in Statement of Profit and loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Catalysts which are used in commissioning of new projects/plants are capitalized and are amortized based on the estimated useful life as technically assessed. Subsequent issues of catalysts, if any, are treated as inventory.

Projects under which assets are not ready for their intended use are shown as Capital work in progress.

Freehold / Leasehold improvements are considered as property plant and equipment.

Exemption availed under Ind AS 101:- On transition to Ind AS, Company has elected to continue with the carrying value of all its property plant and equipment existing as at 1st April 2015, measured as per previous GAAP (Indian GAAP) and used that carrying value as the deemed cost of the property plant and equipment.

a. Depreciation

Depreciation is calculated on a Straight-line basis over the estimated useful lives of the assets on the depreciable amount when such assets are ready for their intended use.

Freehold land has an unlimited useful life and therefore is not depreciated.

Company has identified significant components of plant and machinery and provides for depreciation over their useful lives as per technical assessment, as per Para 4 of Schedule II to Companies Act, 2013. Depreciation on other Tangible assets is provided for as per useful lives prescribed in Schedule II to Companies Act, 2013, except for mobile telephones classified under office equipment's which are depreciated over a period of 3 years.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. A maximum residual value of 5% is considered for all assets, except in case of roads, wells and fences, office equipment's and end user computing devices like desk tops, laptops etc. where it is considered as NIL.

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

After recognition of impairment loss, the revised carrying amount less residual value of the impaired asset would be depreciated on systematic basis over the remaining useful life of the asset. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

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

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit and loss in the year the asset is de-recognized.

Assets under construction/Capital Work in Progress included under Property, Plant and equipment are not depreciated as these assets are not yet available for use. However they are tested for impairment if any.

G) Investment Properties

Investment properties are properties that are held to earn rentals and /or for capital appreciation (including property under construction for such purposes) and not occupied by the Company for its own use.

Investment properties are measured initially at cost, including transaction costs cost and net of recoverable taxes. The cost includes the cost of replacing parts and borrowing costs if recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on Investment property, wherever applicable, is provided on straight line basis as per useful lives prescribed in Schedule II to Companies Act 2013.

Investment properties are derecognised either when they have been disposed off or when they are being occupied by the Company for its own use or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Exemption availed under Ind AS 101:- On transition to Ind AS, the Company has elected to continue with the carrying value of its Investment Property existing as at 1st April 2015, measured as per previous GAAP (Indian GAAP) and used that carrying value as the deemed cost of the same.

H) Intangible asset

a. Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost, net of recoverable taxes. The cost of intangible assets comprises its purchase price, and any cost directly attributable to bringing the asset to its working condition for the intended use. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Exemption availed under Ind AS 101:- For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets existing as on 1st April 2015 measured as per the previous GAAP (Indian GAAP) and use that value as its deemed cost as of the transition date.

The Company has no intangible assets with infinite useful lives.

b. Amortization

Intangible assets (i.e. software applications) having finite useful lives are amortized over their respective individual estimated useful lives on a STRAIGHT-LINE BASIS, pro-rata from the date the asset is available to the Company for its use. Management estimates the useful life of software applications identified as intangible assets as three years. Any expenses incurred on intangible assets with finite useful lives up to ₹ 1 lakh in each case are being charged off in the year of incurrence.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

I) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from assets or group of assets (cash-generating units). If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

Company bases its impairment calculation on detailed budgets and forecasts which are prepared for each of its CGU separately.

For all the assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the CGU does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the CGU's in prior years. Such reversal is recognized in the Statement of Profit and Loss.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the Statement of profit and loss.

J) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are accumulated and capitalized upto the date when such assets are ready for their intended use or sale, as part of the cost of the asset.

All other borrowing costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

General Borrowings cost incurred in connection with qualifying assets are capitalized by applying the Capitalization rate on the quantum of such borrowings utilized for such assets.

K) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the contract lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

a. Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating lease payments are recognized as an expense in the Statement of profit and loss as per lease terms as such payments are structured to increase in line with expected general inflation.

b. Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised as revenues as per lease terms since such rentals are structured to increase in line with expected general inflation. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

L) Inventories

a. Assessment of Inventory

Raw Materials, Intermediary Products, By-Products and Finished Products inside factory premises, in bulk form, are assessed by survey method on a date as close as possible to the Balance Sheet date and the shortages / excesses in the quantities as compared to book stocks are adjusted in the books. Finished goods and other inventory stored outside the factory premises are taken as per warehousing certificates and third party confirmation respectively.

b. Mode of Valuation

Inventory is valued at lower of cost and net realizable value except in case of by-products, which are valued at, net realizable value.

Gases and slurries, if any, in pipelines at different stages of process are not valued as the same is not practicable.

Certified Emission Reductions (Carbon credits) is valued at lower of cost and net realizable value.

c. Basis of Cost

The cost of manufactured finished goods, bought out products and intermediary products are arrived at based on weighted average cost. Bifurcation of cost of joint products is made on technical estimates.

Cost of raw materials, petroleum products, packing materials, stores and spares, and loose tools is determined on weighted average cost basis.

Provision is made in respect of raw materials, packing materials, stores and spares and petroleum products, wherever appropriate, based on technical estimates, to reflect the impact of obsolescence, damage or other diminution in value.

d. Measurement of Cost / Realizable Value

Cost of Purchases

Cost of purchase includes duties, taxes (net of those recoverable) freight and other expenses net of trade discounts, rebates and price adjustments.

Cost of Manufactured goods

Cost of Manufactured Goods comprises of direct cost, variable production overheads and fixed production overheads on absorption costing method. Catalysts issued are charged off over their estimated useful lives as technically assessed. Variable production overheads are allocated based on actual production. Variable overheads related to movement of finished products are allocated based on actual dispatches. Fixed overheads are allocated based on higher of the actual production level or normal production level. Average handling and transportation costs incurred to bring the material in its present location and condition is included in valuing stocks in field warehouses and in transit.

Cost of Traded Fertilizers

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

Net Realizable Value

Price of urea is administered by the Government of India by which selling price is fixed for the buyer. The net realizable value for manufactured urea is taken at the applicable price concession (selling price net of dealers' margin plus the applicable subsidy from Government of India) net of variable selling and distribution cost. Net realizable value of off-spec urea is taken at 40% of MRP excluding subsidy.

The net realizable value of phosphatic and potassic fertilizers is taken at the applicable selling prices expected to be realized, net of dealers' margin and variable selling and distribution costs plus the concession as fixed/to be fixed by Government. Net realizable value of off-spec phosphatic and potassic fertilizers is taken at selling price net of dealers' margin and estimated cost of re-processing including transportation cost to factory. The net realizable value of off-spec traded phosphatic and potassic out fertilizers is at 30% of MRP excluding subsidy.

The Net realizable value of imported Urea is the selling price net of dealers' margin and other entitled compensation as contracted with the Government net of variable selling and distribution cost.

The net realizable value of off-spec imported Urea is taken at 40% of MRP excluding subsidy.

Average freight incurred on despatches from silo/factory/ port to godown and other products handling costs is reduced for arriving at the net realizable value in respect of stocks of fertilizers in silo/ factory/port.

The net realizable value of non-fertilizer products is taken at lowest selling prices net of variable selling and distribution costs , expected to be realized in future.

M) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When a provision is expected to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

N) Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises where a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognized but are disclosed where an inflow of economic benefits is probable. The estimation of financial effect in respect of contingent liabilities and contingent assets wherever not practicable, is not disclosed and such fact is accordingly stated.

O) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value. However in case of financial assets that are not recorded at fair value through profit or loss; the transaction costs that are directly attributable to the acquisition of issue of such financial assets are added to the value of the financial assets.

Subsequent measurement

Financial assets presently held by the Company are classified as under:-

- Debt instruments at amortized cost
- Debt instruments and derivatives at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income FVTOCI

b. Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both of the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the statement of profit or loss. This category generally applies to trade and other receivables.

c. Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit or loss.

d. Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may decide to classify the same as at FVTOCI. The Company makes such election on an instrument-by-instrument basis upon on initial recognition and same is irrevocable.

Upon classification of equity instruments as at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investments. The Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

Investments in Joint ventures, subsidiaries and associates are recognized at cost.

Exemption availed under Ind AS 101:- On transition to Ind AS, Company has elected to continue with the carrying value of its investments Joint ventures as at 1st April 2015, measured as per previous GAAP and used that carrying value as the deemed cost of the same.

e. Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest and foreign exchange rate risks, like foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value on the date the derivative contracts are entered into and are subsequently re-measured to their fair value (Mark to Market) at the end of each reporting period. The resulting gain or loss is recognized in the Statement of profit and loss. Company does not designate any of its derivative instruments as hedge instruments. Derivatives are carried as financial assets when fair value is positive and as financial liabilities when the fair value is negative.

Transaction costs incurred for such derivative instruments are charged off to Statement of Profit and Loss on initial recognition.

f. Derecognition

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

g. **Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

i. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii. Lease receivables

iii. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

iv. Financial guarantee contracts which are not measured as at FVTPL

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. All cash shortfalls) discounted at the original effective interest rate.

While estimating cash flows, Company considers all contractual terms of financial instrument over the expected life of the financial instrument including cash flows from the sale of collateral held that are integral to contractual terms.

The company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17.

Based on the same, it recognizes impairment allowance based on lifetime ECL at each reporting date, right from its initial recognition.

Further for the purpose of measuring lifetime ECL allowance for trade receivables the Company has used a practical expedient as permitted under Ind AS 109.This expected credit loss allowance is computed based on a provision matrix which takes in account historical credit loss experience with adjustments for collaterals available and forward looking information, if required.

ECL allowance is not recognized on Subsidy receivables since they are due from Government of India and also on other receivables which are largely due from Government agencies, as the Company does not perceive any risk of default which would be material.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / expense in the Statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost, trade receivables and lease receivables:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet.

The allowance reduces the net carrying amount, until the asset meets write-off criteria.

Trade receivables, other receivables, loans and advances are also fully provided for as doubtful upon review on case to case basis, to the extent of such loss considered as incurred.

h. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition as loans and borrowings, payables, derivatives and financial liabilities at fair value through profit or loss. The Company's financial liability consists of trade and other payables, loans and borrowings, bank overdrafts, financial guarantee contracts and derivative financial instruments.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs, if any.

Subsequent measurement

The subsequent measurement of financial liabilities of the Company depending on their classification is described below:-

Loans and borrowings including bank overdrafts

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

This category generally applies to interest-bearing loans and borrowings.

i. Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder of the guarantee for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

P) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Q) Non – current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Transferable development Rights having commercial substance, received upon surrender of rights on open land is initially measured at fair value. Their subsequent measurement would be at lower of their carrying amount and fair value less costs to sell, since they are expected to be disposed.

R) Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in statement of profit and loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate and are presented within Other income.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

Government grants relating to purchase of property, plant and equipment are included in Other non-current liabilities and are credited to profit or loss on a Straight-line basis over the expected lives of the related assets.

In the event of such property, plant and equipment being disposed off before completion of its estimated useful life, the outstanding amount of such capital grant is fully credited to profit or loss in the year of its disposal.

S) Employee benefits

a. Short Term Employee Benefits:

All employee benefits payable within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

b. Retirement benefit costs and termination benefits and other long term employee benefits

Defined Contribution Schemes

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Company's defined Contribution made to its Superannuation scheme is charged off to Statement of Profit and Loss on accrual basis.

Defined Benefit Plans

Provident Fund

Contribution to Provident Fund is accounted for on accrual basis. The Provident Fund contributions are made to a Trust administered by the Company by both the employer as well as employee. The Trust invests in specific designated instruments as permitted by Indian Law. The interest rate payable to the members of the Trust is being administered by the Government. The Company has an obligation to make good the shortfall, if any between the return from the investments of the Trust and the notified interest rate. Such shortfall on account of interest is recognized in the Statement of Profit and Loss.

Gratuity and Post-retirement medical benefits

For Defined Benefit plans comprising of gratuity, post-retirement medical benefits the cost of providing benefits is determined using the Projected Unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expenses or income; and
- re-measurements

The Company presents the first two components of defined benefit costs in the Statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The cost of the defined benefit gratuity plan and other Post employment medical benefits and the present value of gratuity obligation are determined using actuarial valuation techniques.

Termination Benefits

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Other Long term benefits

Liabilities recognized in respect of other long term benefits like leave encashment and long term service awards are measured at the present value of the estimated future cash outflows to be made by the Company (based on actuarial valuation)in respect of services provided by employees upto the reporting date.

T) Segment Reporting

The Company has recognized the following operating segments, viz Fertilizers, Industrial Chemicals and Trading, the business activities it is primarily engaged into. The same has been done based on the review of the operating results, internal reporting, review of performance, decision making relating to future allocation of resources, policy parameters influencing business etc. carried out by its Chief Operating Decision Maker i.e. Executive Management Committee/Board of Directors.

U) Prepaid Expenses

Individual expense up to ₹ 1,00,000 is not considered in classifying prepaid expenses.

V) Research and Developments expenses

Revenue expenditure on Research activity is recognized separately and charged to Statement of Profit and Loss. Expenditure on development activities is capitalized when its future economic benefits can reasonably be regarded as assured.

W) Earnings per Share (EPS)

Basic earnings per share is calculated by dividing net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Upon discontinuation of an operation the basic and diluted amount per share for the discontinued operation is separately reported, as applicable.

X) Cash Dividend

The Company recognizes a liability to make cash distributions to shareholders when the distribution is authorized and the same is no longer at the discretion of the Company. As per corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

IV) Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions.

Company has elected to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition measured as per Indian GAAP and use that as its deemed cost as at date of transition. The same is applicable even for Investment property, intangible assets and its investments in Joint venture, associates and subsidiaries.

Company has also reviewed the necessary adjustments required to be done in accordance with paragraph D21 this standard (i.e. adjustments arising on account of decommissioning or restoration liabilities) and has accordingly considered the impact of the same wherever applicable.

The Company has designated unquoted equity instruments held at 1st April 2015 as fair value through OCI.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 1 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (PPE)

Sr. No.	Description	DEEMED COST / COST				DEPRECIATION				IMPAIRMENT LOSS			NET BOOK VALUE	
		AS AT 01.04.2017	Of Additions/ Adjustments	Of Deductions/ Adjustments*	AS AT 31.03.2018	UPTO 01.04.2017	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2018	UPTO 01.04.2017	Provided during the year	UPTO 31.03.2018	AS.AT 31.03.2018	AS.AT 31.03.2017
a.	Land (Freehold)	10.78	-	0.02	10.76	-	-	-	-	-	-	-	10.76	10.78
b.	Buildings	90.25	44.78	0.10	134.93	9.83	6.85	-	16.68	0.71	-	0.71	117.54	79.71
c.	Plant & Machinery	1586.07	438.54	5.12	2019.49	228.85	111.08	0.46	339.47	8.48	(1.08)	7.40	1672.62	1348.74
d.	Furniture & Fixtures	10.22	0.78	0.27	10.73	2.75	1.58	0.19	4.14	-	-	-	6.59	7.47
e.	Vehicles	3.43	0.07	0.09	3.41	1.23	0.54	0.07	1.70	-	-	-	1.71	2.20
f.	Office Equipments	16.07	2.10	0.06	18.11	7.91	3.11	0.02	11.00	-	-	-	7.11	8.16
g.	Others													
i)	Roads & Culverts	9.57	0.38	0.06	9.89	2.54	1.31	-	3.85	-	-	-	6.04	7.03
ii)	Railway sidings	14.36	0.47	-	14.83	2.92	1.16	-	4.08	-	-	-	10.75	11.44
iii)	Water System, Sewerage & Drainage	19.18	0.39	-	19.57	1.74	1.25	-	2.99	-	-	-	16.58	17.44
iv)	Miscellaneous Equipments	58.50	17.19	0.33	75.36	13.23	8.50	0.16	21.57	-	-	-	53.79	45.27
	TOTAL	**1818.43**	**504.70**	**6.05**	**2317.08**	**271.00**	**135.38**	**0.90**	**405.48**	**9.19**	**(1.08)**	**8.11**	**1903.49**	**1538.24**
	Previous Year Figures	1645.52	176.18	3.27	1818.43	134.49	136.92	0.41	271.00	9.19	-	9.19	1538.24	1511.03

₹ Crore

1.1

* Additions/Adjusments in PPE include the following	Item of Asset	AS AT 31.03.2018	AS AT 31.03.2017
Exchange Differences	Plant & Machinery	0.07	(1.09)
Borrowing Costs		7.66	-
TOTAL		**7.73**	**(1.09)**

1.2 Land at Thal included in Gross Block (at cost) at ₹ 2.33 Crore is subject to final revision in price.

1.3 Assets offered as security for loans have been provided in Note 18

₹ Crore

1.4

	AS AT 31.03.2018	AS AT 31.03.2017
Capital work-in-progress	152.36	107.24

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 2 NON-CURRENT ASSETS - INVESTMENT PROPERTY													
Description	DEEMED COST / COST				DEPRECIATION				IMPAIRMENT LOSS			NET BOOK VALUE	
	AS AT 01.04.2017	Of Additions/ Adjustments	Of Deductions/ Adjustments	AS AT 31.03.2018	UPTO 01.04.2017	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2018	UPTO 01.04.2017	Provided during the year	UPTO 31.03.2018	AS.AT 31.03.2018	AS.AT 31.03.2017
Land (Freehold)	0.01	-	-	0.01	-	-	-	-	-	-	-	0.01	0.01
Buildings	5.52	-	-	5.52	0.28	0.15	-	0.43	-	-	-	5.09	5.24
TOTAL	**5.53**	-	-	**5.53**	**0.28**	**0.15**	-	**0.43**	-	-	-	**5.10**	**5.25**
Previous Year Figures	5.53	-	-	5.53	0.14	0.14	-	0.28	-	-	-	5.25	5.39

2.1 The Company's investment properties consist of commercial / residential properties located at Mumbai, Alibaug and Lucknow. The management has determined that the investment properties consist of two classes of assets - land and building.

₹ Crore

2.2

Information regarding income and expediture of Investment Property	**YEAR ENDED 31.03.2018**	**YEAR ENDED 31.03.2017**
Rental income derived from investment properties	24.23	24.61
Less: Direct operating expenses (including repairs and maintenance) generating rental income	0.99	0.89
Less: Direct operating expenses (including repairs and maintenance) that did not generate rental income	0.07	1.37
Profit arising from investment properties before depreciation and indirect expenses	**23.18**	**22.35**
Less: Depreciation	0.14	0.14
Profit arising from investment properties before indirect expenses	**23.03**	**22.21**

2.3 Company undertakes expenditure towards Maintenance for upkeep of its properties which also covers the portion relating to Investment Property. The same being not material, no separate disclosure of contracts entered into for maintainance of investment property is given.

2.4 As at 31 March 2018, the fair values of the properties is ₹ 691.14 crore (₹ 653.10 crore as on 31.03.2017). These valuations are based on valuations performed by Ms Anmol Sekhri Consultant Pvt. Ltd, an accredited independent valuer and has worked out the value of the property based on the information and a study of the micro market in discussions with industry experts, local brokers and regional developers.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

2.5 Fair value disclosures for investment properties is detailed below

₹ Crore

Reconciliation of Fairvalue	AS AT 31.03.2018	AS AT 31.03.2017
LAND		
Opening balance	214.35	198.51
Fair Value	223.60	214.35
Fair value difference	9.25	15.84
Purchases	-	-
Fair value difference	-	-
Closing balance	223.60	214.35
BUILDING		
Opening balance	438.75	416.60
Fair Value	467.54	438.75
Fair value difference	28.79	22.15
Purchases	-	-
Fair value difference	-	-
Closing balance	467.54	438.75
TOTAL		
Opening balance	653.10	615.11
Fair Value	691.14	653.10
Fair value difference	38.04	37.99
Purchases	-	-
Fair value difference	-	-
Closing balance	691.14	653.10

₹ Crore

NOTE NO. 3 NON-CURRENT ASSETS - INTANGIBLE ASSETS

Description	DEEMED COST / COST				AMORTISATION				IMPAIRMENT LOSS			NET BOOK VALUE	
	AS AT 01.04.2017	Of Additions/ Adjustments	Of Deductions/ Adjustments	AS AT 31.03.2018	UPTO 01.04.2017	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2018	UPTO 01.04.2017	Provided during the year	UPTO 31.03.2018	AS.AT 31.03.2018	AS.AT 31.03.2017
Computer Software	10.92	0.85	-	11.77	7.57	2.79	-	10.36	-	-	-	1.41	3.35
TOTAL	**10.92**	**0.85**	**-**	**11.77**	**7.57**	**2.79**	**-**	**10.36**	**-**	**-**	**-**	**1.41**	**3.35**
Previous Year Figures	8.92	2.00	-	10.92	3.34	4.23	-	7.57	-	-	-	3.35	5.58

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 4 "NON-CURRENT ASSETS" "FINANCIAL ASSETS -INVESTMENTS"	AS AT 31.03.2018	AS AT 31.03.2017
Investments in Equity Instruments:		
[Unquoted Trade Investments (Fully paid up)]		
a. Joint Ventures		
Talcher Fertilizers Limited	5.02	0.02
(Formerly known as Rashtriya Coal Gas Fertilizers Limited)		
(50,15,000 equity shares (P.Y.15,000 equity shares) of ₹10 each)		
(Under lock in period for 5 year from date of commercial operation)		
b. Others		
Indian Potash Limited*	57.38	44.88
(3,36,600 equity shares (P.Y.3,36,600 equity shares, of ₹10 each)		
TOTAL	**62.40**	**44.90**

*Reconciliation of fair value measurement of the investment in unquoted equity shares of Indian Potash Limited (IPL)

	31.03.2018	**31.03.2017**
Opening balance	44.88	43.11
Total Gains and losses recognised in OCI	12.50	1.77
Closing Balance	**57.38**	**44.88**

₹ Crore

NOTE NO. 5 "NON-CURRENT ASSETS" "FINANCIAL ASSETS - TRADE RECEIVABLES"	AS AT 31.03.2018	AS AT 31.03.2017
Debtors		
Considered Doubtful	0.93	0.74
Less: Provision for doubtful debts	(0.93)	(0.74)
TOTAL	-	-

₹ Crore

NOTE NO. 6 "NON-CURRENT ASSETS" "FINANCIAL ASSETS - LOANS"	AS AT 31.03.2018	AS AT 31.03.2017
Loans- Employees		
Secured Considered Good	0.41	0.59
Unsecured Considered Good	-	0.01
TOTAL	**0.41**	**0.60**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 7	"NON-CURRENT ASSETS" "FINANCIAL ASSETS - OTHERS"	AS AT 31.03.2018	AS AT 31.03.2017
(i)	**Advances to Related Parties**		
	Considered Doubtful *	17.00	1.04
	Less: Provision	(17.00)	(1.04)
		-	-
(ii)	**Advance against Equity Pending allotment**	2.36	2.36
	Less: Provision towards diminution in value	(2.36)	(2.36)
		-	-
(iii)	**Others**		
	Receivables towards Rent / Services provided		
	Unsecured - Considered Doubtful	0.52	0.84
	Less: Provision for doubtful Receivables	(0.52)	(0.84)
		-	-
	Finance Lease receivable** (Refer note no. 43)	0.34	0.96
	TOTAL	**0.34**	**0.96**

* Includes an amount of ₹ 9.67 crore as advance against equity pending allotment pending increase in Authorised Capital of FRBL.

** Expected credit loss-NIL

₹ Crore

NOTE NO. 8	"NON-CURRENT ASSETS" "OTHER NON-CURRENT ASSET"	AS AT 31.03.2018	AS AT 31.03.2017
(i)	**Capital Advances**		
	Unsecured -Considered Good	34.14	76.64
(ii)	**Advances other than capital advances**		
	a. Security Deposits		
	Unsecured-Considered Good (Refer note no. 41.2)	17.99	17.51
	Considered Doubtful	0.31	0.41
	Less: Provision	(0.31)	(0.41)
		17.99	17.51
	b. Loans (Material given on returnable basis) to Related Parties		
	Considered Doubtful	1.37	1.08
	Less: Provision	(1.37)	(1.08)
		-	-
	c. Other Advances		
	Unsecured Considered Good		
	i. VAT Receivable	190.19	155.58
	ii. Considered Doubtful	4.57	5.23
	Less: Provision for doubtful advances	(4.57)	(5.23)
		-	-
	iii. Advance Income Tax (Net of Provision)	79.44	79.12
	iv. Deposits with Customs, Port Trust etc.	0.36	0.35
	v. Prepaid expenses	1.35	1.37
	vi. Lease Premium Prepaid	2.62	2.76
	vii. Other Miscellaneous	0.24	0.33
		274.20	239.51
(iii)	**Others**		
	Employee Benefit Asset	0.29	0.58
	TOTAL	**326.62**	**334.24**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 9	"CURRENT ASSETS" "INVENTORIES"	AS AT 31.03.2018	AS AT 31.03.2017
i.	Raw materials	150.55	168.16
	Raw materials-in-transit	0.24	0.18
	Raw materials (Total)	150.79	168.34
ii.	Finished Goods	217.34	246.82
	Finished Goods-in-transit	61.62	57.67
	Finished Goods (Total)	278.96	304.49
iii.	Stock in Trade/Bought out Products	0.26	3.93
iv.	Intermediary Products	33.58	23.84
v.	By products	7.02	4.21
vi.	Stores & Spares, packing materials and Petroleum products	295.66	312.14
	Less: Provision for Obsolescence etc./Loss under Investigation (Refer Note No. 50)	(24.62)	(23.65)
		271.04	288.49
vii.	Certified Emission Reduction Credits (Refer Note No. 58) (No. of Units C.Y. 9,73,738 , P.Y. 9,73,738)	-	-
	TOTAL	**741.65**	**793.30**

Inventory Includes:			
Stores and Spares			
a)	Under inspection	0.12	1.61
b)	Platinum & Rhodium stolen in earlier year and under investigation which is not available for verification	0.21	0.21
c)	With fabricators	16.90	2.15
	Cost of Inventories Recognised as expense	3022.62	2860.13
	Write down of Inventories charge to P&L (difference between cost & NRV)	7.32	3.24
	Reversal of write downs	-	-

₹ Crore

NOTE NO. 10	"CURRENT ASSETS" "FINANCIAL ASSETS - TRADE RECEIVABLES"	AS AT 31.03.2018	AS AT 31.03.2017
	Subsidy Receivable (Unsecured - considered good)*	2663.13	3186.99
	Sundry Debtors		
	Secured - Considered good	87.14	96.11
	Unsecrured - Considered good	208.34	361.81
		295.48	457.92
	Less : Provision for expected credit loss **	(3.20)	(3.19)
	Total - Sundry Debtors	292.28	454.73
	TOTAL	**2955.41**	**3641.72**

*Includes an amount of ₹ 82.84 crore(P.Y. ₹. 887.54) under special banking arrangement secured by way of specific subsidy claims to be settled by DoF/FICC)

** The company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes into account historical credit loss experience. The expected credit loss (ECL) allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting is as follows.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

NOTE NO. 10 "CURRENT ASSETS" "FINANCIAL ASSETS - TRADE RECEIVABLES"	AS AT 31.03.2018	AS AT 31.03.2017
ECL % - Ageing		
Not due	0.28	0.22
00 - 90 days	2.85	2.51
91 - 180 days	16.64	17.69
181 - 365 days	55.03	50.27
> 365 days (fully secured)	-	-
Age of Receivables (₹ Cr)		
Not due	275.49	421.52
00 - 90 days	14.65	31.55
91 - 180 days	1.73	2.77
181 - 365 days	3.15	1.93
> 365 days (fully secured)	0.46	0.15
	295.48	**457.92**
Movement in ECL allowance (₹ Cr)		
Balance at Beginning of the year	3.19	2.52
Movement	0.01	0.67
Balance at End of the year	3.20	3.19

Out of the total Sundry Debtors, Debtors amounting to ₹ 87.13 Crore as on 31.03.2018 and ₹ 96.11 Crore as on 31.03.2017 are secured against collaterals in form of Deposits / Bank Guarantees received and held by the company.

₹ Crore

NOTE NO. 11 "CURRENT ASSETS" "FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS"	AS AT 31.03.2018	AS AT 31.03.2017
Cash and Cash Equivalents		
i. Balances with Bank	5.23	10.18
ii. Cheques in hand*	-	0.07
iii. Cash on hand	0.01	0.02
iv. Deposits with original maturity less than 3 months	-	0.04
TOTAL	**5.24**	**10.31**

The above cash and cash equivalent have not been pledged.

(* CY ₹ 25,328)

₹ Crore

NOTE NO. 12 "CURRENT ASSETS" "FINANCIAL ASSETS - OTHER BANK BALANCES"	AS AT 31.03.2018	AS AT 31.03.2017
i. Deposits with original maturity more than 3 months but less than 12 months *	-	2.04
ii. In unpaid Dividend Account **	0.71	0.66
TOTAL	**0.71**	**2.70**

* Kept as margin money with banks etc

** Earmarked balances with banks / No amounts are due & payable to Investor Education & Protection Fund

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 13	"CURRENT ASSETS" "FINANCIAL ASSETS - LOANS"	AS AT 31.03.2018	AS AT 31.03.2017
i.	Loans- Employees- Secured Considered Good	0.86	1.32
ii.	Others (Loan to other CPSE)		
	Unsecured Considered Good	6.00	-
	TOTAL	**6.86**	**1.32**

₹ Crore

NOTE NO. 14	"CURRENT ASSETS" "FINANCIAL ASSETS - OTHERS"	AS AT 31.03.2018	AS AT 31.03.2017
i.	Finance Lease receivable (Refer Note No 43)*	0.62	0.56
ii.	Advance to Related Party	0.03	0.01
iii.	Derivatives not designated as hedges (receivable)	2.33	-
iv.	Interest Accrued	0.15	0.12
v.	Receivables towards Rent / Services provided	78.08	16.83
	TOTAL	**81.21**	**17.52**

* Expected Credit Loss (NIL)

₹ Crore

NOTE NO. 15	"CURRENT ASSETS" "OTHER CURRENT ASSETS"	AS AT 31.03.2018	AS AT 31.03.2017
i.	**Advances other than capital advances**		
	Security Deposits		
	Unsecured -Considered Good	0.95	1.43
ii.	**Other Advances**		
	Unsecured-Considered Good		
	i. Contractors	23.19	13.46
	ii. Employees	0.25	0.31
	iii. GST Receivable (Asset)	33.81	-
	iii. Deposits with Customs,Port Trust etc.	4.23	3.61
	iv. Prepaid expenses	5.38	6.31
	v. Lease Premium Prepaid	0.14	0.14
	vi. Others	0.01	8.33
Total Other Advances		**67.01**	**32.16**
iii.	Non-Current Assets held for Disposal*	109.11	0.32
iv.	Employee Benefit Asset	0.26	0.22
	TOTAL	**177.33**	**34.13**

*Includes an amount of ₹ 108.03 crore being the value of Transferable Develpment Rights received / receivable in lieu of land handed over to Mumbai Metropoliton Regional Development Authority(MMRDA), a statutory body under Government of Maharashtra for the construction of public road, recognised at fair market value.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 16	"EQUITY" "EQUITY SHARE CAPITAL"	AS AT 31.03.2018	AS AT 31.03.2017
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

	31.03.2018		31.03.2017	
	No.	₹ Crore	No.	₹ Crore
EQUITY SHARES				
At the beginning of the year	551688100	551.69	551688100	551.69
Issued during the year	-	-	-	-
Outstanding at the end of the year	**551688100**	**551.69**	**551688100**	**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

		31.03.2018		31.03.2017	
		No.	% age of shareholding	No.	% age of shareholding
i.	President of India	413769483	75.00%	441353888	80.00%
ii.	Life Insurance Corporation of India	11409167	2.07%	29761945	5.39%

₹ Crore

NOTE NO. 17	"EQUITY" "OTHER EQUITY"	AS AT 31.03.2018	AS AT 31.03.2017
i. Other Reserves			
General Reserve			
Opening Balance		2343.49	2236.48
Add: Transferred (to) / from Retained Earnings		(2.81)	107.01
Closing Balance		2340.68	2343.49
Equity Instruments through Other Comprehensive Income Reserve			
Opening Balance		29.84	28.66
Add: Other Comprehensive Income for the year (Net of Tax)		7.48	1.18
Closing Balance		37.32	29.84

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 17	"EQUITY" "OTHER EQUITY"	AS AT 31.03.2018	AS AT 31.03.2017
ii.	**Retained Earnings**		
	Opening Balance / Adjustments	-	-
	Profit for the year	78.80	179.26
	Add: Remeasurement of Defined Benefit Plans (Net of Tax) - Acturial Valuation	(8.57)	0.79
	Less: Dividends paid (C.Y. ₹ 1.10 per share, P.Y. ₹ 1.10 per share)	(60.69)	(60.69)
	Less: Dividend Distribution Tax	(12.35)	(12.35)
	Less: Transfer (to) / from General Reserve	2.81	(107.01)
	Closing Balance	-	-
	TOTAL	**2378.00**	**2373.33**

For FY 2017-18, The board of directors have recommended a dividend of ₹ 0.60 per share (P.Y. ₹ 1.10 per share) which is subject to approval of the shareholders. Further the same is subject to dividend distribution tax at the applicable rate which works out to ₹ 6.81 crore (P.Y. ₹ 12.35 crore)

₹ Crore

NOTE NO. 18	"NON-CURRENT LIABILITIES" "FINANCIAL LIABILITIES -BORROWINGS"	AS AT 31.03.2018		AS AT 31.03.2017	
		Non Current	Current	Non Current	Current
SECURED					
Term Loan from Banks					
1	**Rupee Loan from Banks**				
	a. Kotak Mahindra Bank Limited	-	-	-	8.33
	A loan of ₹ 100 crore sanctioned by and availed from Kotak Mahindra Bank is secured by first pari passu charge by way of hypothecation on movable fixed assets (machinery and equipments) of the revamped Ammonia and Urea Plants situated at Thal with a minimum security cover of 1.25 times of the amount borrowed from this bank. 50% of the loan carries a fixed rate of interest of 10.00% pa and the remaining 50% of the loan carries a floating rate of interest benchmarked to the Bank's base rate and during the year the rate of interest varied around 9.30% per annum.The said loan has been fully repaid during the year.				
	b. Kotak Mahindra Bank Limited	94.12	5.88	-	-
	A loan of ₹ 100 crore availed from Kotak Mahindra Bank out of sanctioned loan amount of ₹ 393 crores (+/- 15%) is to be secured by first pari passu charge on movable fixed assets (machinery and equipments) to the extent of 1.25 times of the amount borrowed from the bank. Creation of charge is pending as on 31st March 2018. The rate of interest is linked to 3 months MIBOR (reset after every 3 months) plus fixed margin of 1.11% per annum. Repayment of the said loan would fall due for ₹ 5.88 crore in F.Y. 2018-19, ₹23.53 crore in FY 2019-20, ₹23.53 crore in FY 2020-21, ₹ 23.53 crore in FY 2021-22, ₹23.53 crore in FY 2022-23				
		94.12	5.88	-	8.33

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 18	"NON-CURRENT LIABILITIES" "FINANCIAL LIABILITIES -BORROWINGS"	AS AT 31.03.2018		AS AT 31.03.2017	
		Non Current	Current	Non Current	Current
2	**Foreign Currency Loan / External Commercial Borrowings**				
	a. HSBC Bank (Mauritius) Limited	-	-	-	69.94
	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. The said loan has been fully repaid during the year				
	b. Kotak Mahindra Bank Limited	19.48	25.99	45.34	25.91
	A foreign currency Term loan of ₹ 100 crore equivalent to USD 15.99 Million availed by the Company from Kotak Mahindra Bank Limited, is secured by way of hypothecation on movable fixed assets (machinery and equipments) of the Ammonia V Plant situated at Trombay to the extent of 1.25 times of the loan amount. The rate of interest is 6 months USD LIBOR plus margin of 2.75% per annum. Repayment of the said loan would fall due for ₹ 25.99 crore in F.Y. 2018-19, ₹ 19.48 crore in FY 2019-2020.				
	c. Yes Bank Limited	37.37	10.67	47.90	5.32
	A foreign currency Term loan of ₹ 55 crore equivalent to USD 8.21 Million availed by the Company from Yes Bank Limited, is secured by way of hypothecation on movable fixed assets (machinery and equipments) of the Medium Pressure (MP) and High Pressure (HP) Nitric Acid Plant situated at Trombay to the extent of 1.25 times of the loan amount. The rate of interest is fixed at 3.70% per annum. Repayment of the said loan would fall due for ₹ 10.67 crore in FY 2018-19, ₹ 10.68 crore in FY 2019-2020, ₹ 10.68 crore in FY 2020-21, ₹ 10.68 crore in FY 2021-22 and ₹ 5.34 crore in FY 2022-23.				
	d. State Bank of India	169.09	33.82	-	-
	Term loan of EURO 25.50 Million availed by the Company from State Bank of India Antwerp branch, under RBI Loan Registration no. 201709145 is secured by way of hypothecation on movable fixed assets (machinery and equipments) of the GTG & HRSG project situated at Thal to the extent of 1.25 times of the loan amount. The rate of interest is 6 months EURIBOR plus margin of 1.05% per annum. Repayment of the said loan would fall due for ₹ 33.82 crore in FY 2018-19, ₹ 33.82 crore in FY 2019-2020, ₹ 33.82 crore in FY 2020-21, ₹ 33.82 crore in FY 2021-22 , ₹ 33.82 crore in FY 2022-23 and ₹ 33.82 crore in FY 2023-24.				
		225.94	70.48	93.24	101.17

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 18 "NON-CURRENT LIABILITIES" "FINANCIAL LIABILITIES -BORROWINGS"	AS AT 31.03.2018 Non Current	AS AT 31.03.2018 Current	AS AT 31.03.2017 Non Current	AS AT 31.03.2017 Current
UNSECURED				
Term Loan from Banks				
Yes Bank WCTL	-	-	20.60	-
A working capital term loan (WCTL) of ₹ 20.60 crore sanctioned and availed by the Company from Yes Bank Limited, is an unsecured loan for a tenor of 5 years. The said loan has a fixed interest rate of 8.40% per annum. The said loan has been fully prepaid during the year.				
Amount disclosed under the head "OTHER CURRENT LIABILITIES" (Refer Note No. 26)		(76.36)		(109.50)
TOTAL	**320.06**	**-**	**113.84**	**-**

The loan covered in 18.1.a & 18.2.a has been repaid in 2017-18.The same was secured by first pari pasu charge on all movable fixed assets of Revamped Ammonia urea plant at Thal with a carrying value of ₹ 458.08 crore as on 31.03.2017.

The loan covered in 18.2.b is secured by first pari pasu charge on movable fixed assets of ammonia V plant situated at Trombay with a carrying value of ₹108.10 crore (P.Y. ₹ 116.64 crore) .

The loan covered in 18.2.c is secured by exclusive charge on movable fixed assets of Medium Pressure and High Pressure (HP) Nitirc Acid Plant at Trombay with a carrying value of Rs 63.86 crore (P.Y. Rs 70.28 crore)

The loan covered in 18.2.d is availed in 2017-18 and is secured by first pari pasu charge on movable fixed assets of the GTG & HRSG project at Thal with a carrying value of ₹ 310.12 crore.

Security creation for the loan covered in 18.1.b is pending as on 31.03.2018.

₹ Crore

NOTE NO. 19 "NON-CURRENT LIABILITIES" "FINANCIAL LIABILITIES - TRADE PAYABLES"	AS AT 31.03.2018	AS AT 31.03.2017
Trade Payables (Refer Note No. 48)	211.79	210.63
	211.79	210.63

₹ Crore

NOTE NO. 20 "NON-CURRENT LIABILITIES" "FINANCIAL LIABILITIES - OTHERS"	AS AT 31.03.2018	AS AT 31.03.2017
i. Security Deposit from Vendors	34.70	16.37
ii. Deposit from Employees	0.01	0.03
TOTAL	**34.71**	**16.40**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 21	"NON-CURRENT LIABILITIES" "PROVISIONS"	AS AT 31.03.2018	AS AT 31.03.2017
Provision for Employee Benefits			
i.	Leave Salary Encashment	99.54	83.76
ii.	Post Retirement Medical Benefits	62.14	57.47
iii.	Gratuity	91.75	-
iv.	Long Service Award	0.35	0.38
	TOTAL	**253.78**	**141.61**

₹ Crore

NOTE NO. 22	"NON-CURRENT LIABILITIES" "DEFERRED TAX LIABILITIES (NET)"	AS AT 31.03.2018	AS AT 31.03.2017
a.	**Deferred Tax Liability:**		
i.	Depreciation	356.93	311.64
ii.	Fair value of Investments	19.89	14.87
iv.	Other timing differences	0.77	2.41
	Total	**377.59**	**328.92**
b.	**Deferred Tax Asset:**		
i.	Provision for doubtful debts/claims/advances	8.63	3.64
ii.	Provision for obsolescence of stores	8.61	8.51
iii.	Provision for dimunition in value of investments	12.37	12.26
iv.	Expenditure allowable on payment basis	113.26	71.31
v.	Disallowances to be claimed in future on actual basis	10.09	9.82
vi.	Other timing differences	4.86	4.57
	Total	**157.82**	**110.11**
	Net Deferred Tax Liability	**219.77**	**218.81**

₹ Crore

NOTE NO. 23	"OTHER LIABILITIES"		AS AT 31.03.2018	AS AT 31.03.2017
I	**NON-CURRENT**			
i.	Advance rent Received	23 A	9.76	11.86
ii.	Government Grants	23 B	1.11	1.41
iii.	Deferred Deposit		15.51	2.58
	TOTAL OTHER NON-CURRENT LIABILITIES (I)		**26.38**	**15.85**
II	**CURRENT**			
(a)	**Revenue received in advance**			
i.	Income received in advance from Customers		56.82	71.31
ii.	Subsidy on unsold stock		95.00	114.19
			151.82	185.50

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 23	"OTHER LIABILITIES"		AS AT 31.03.2018	AS AT 31.03.2017
(b)	**Other Advances**			
	Retention money		12.50	12.50
(c)	**Other Liabilities:**			
i.	Advance Rent Received	23 A	2.58	2.46
ii.	Government Grants	23 B	0.30	0.30
iii.	Deferred Deposit		3.76	2.68
iv.	**Statutory Dues:**			
	a. Excise Duty on closing stock		-	2.11
	b. Withholding taxes		3.50	2.90
	c. GST Payable		0.01	-
	d. VAT/ Sales tax		-	4.74
	e. Other taxes		-	0.07
v.	Others (Refer Note No. 51)		11.24	4.06
			21.39	19.32
	TOTAL OTHER CURRENT LIABILITIES (II)		**185.71**	**217.32**

₹ Crore

NOTE NO. 23 A	"ADVANCE RENT RECEIVED"	AS AT 31.03.2018	AS AT 31.03.2017
	At at 1st April	14.32	15.88
	Received during the year	0.55	0.80
	Released to the statement of profit and loss	2.53	2.36
	As at 31st March	12.34	14.32
	Current	2.58	2.46
	Non-current	9.76	11.86

₹ Crore

NOTE NO. 23 B	"GOVERNMENT GRANTS"	AS AT 31.03.2018	AS AT 31.03.2017
	At at 1st April	1.71	2.01
	Received during the year	-	-
	Released to the statement of profit and loss	0.30	0.30
	As at 31st March	1.41	1.71
	Current	0.30	0.30
	Non-current	1.11	1.41

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 24 "CURRENT LIABILITIES" "FINANCIAL LIABILITIES - BORROWINGS"	AS AT 31.03.2018	AS AT 31.03.2017
Loans Repayable on Demand		
I. Secured		
a. From Banks*		
i. Cash Credit	3.98	7.33
ii. Working Capital Demand Loan	82.83	917.53
(Includes an amount of ₹ 82.83 crore (P.Y. ₹ 887.54 crore) under special banking arrangement secured by way of specific subsidy claims to be settled by DoF / FICC)		
Total Secured	86.81	924.86
II. Unsecured:		
a. From Banks		
i. Foreign currency loans from banks-Buyers Credit	511.78	280.68
ii. Rupee loans	136.00	-
	647.78	280.68
b. Other Loans		
Commercial Paper	200.00	340.00
Total Unsecured	847.78	620.68
TOTAL	**934.59**	**1545.54**

*Cash Credit and Working Capital Demand Loan from banks is secured by hypothecation of entire current assets, present and future. The said arrangement carries a rate of interest which varied between 7.95% to 8.35% per annum during the year.

₹ Crore

NOTE NO. 25 "CURRENT LIABILITIES" "FINANCIAL LIABILITIES - TRADE PAYABLES"	AS AT 31.03.2018	AS AT 31.03.2017
Trade Payables		
(A) Outstanding dues of micro enterprises and small enterprises (Refer Note No. 51)	15.14	11.93
(B) Outstanding dues of creditors other than micro enterprises and small enterprises	682.26	622.40
TOTAL	**697.40**	**634.33**

Trade payables are normally non-interest bearing and are usually settled within 30-days from the date of receipt of invoice unless they are contracted with specific credit terms as applicable.

₹ Crore

NOTE NO. 26 "CURRENT LIABILITIES" "FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES"	AS AT 31.03.2018	AS AT 31.03.2017
i. Current maturities of long term debt (Refer Note No. 18)	76.36	109.50
ii. Interest accrued but not due on borrowings	3.48	2.05
iii. Unclaimed dividend *	0.71	0.66
iv. Creditors on Capital Account	10.32	3.05
v. Standing Deposit from Customers	49.93	48.32
vi. Trade Deposit from Customers	73.08	70.38

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 26 "CURRENT LIABILITIES" "FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES"	AS AT 31.03.2018	AS AT 31.03.2017
vii. Earnest Money Deposit & Security Deposit from Vendors	68.37	53.02
viii. Corporate Guarantees Given / One Time Settlement	19.50	35.47
ix. Ex-gratia & employee benefits	131.09	19.94
x. Derivatives not designated as Hedges (MTM loss payable)	-	5.38
TOTAL	**432.84**	**347.77**

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

₹ Crore

NOTE NO. 27 "CURRENT LIABILITIES" "PROVISIONS"	AS AT 31.03.2018	AS AT 31.03.2017
A) Provision for Employee Benefits		
i. Leave Salary Encashment	106.32	100.99
ii. Post Retirement Medical Benefits	5.04	4.44
iii. Gratuity Payable	24.36	-
iv. Long Service Award	0.08	0.08
	135.80	**105.51**
B) Provisions towards disputes/claims/legal matters/other contractual obligations (Refer Note No 54)	2.00	27.00
TOTAL	**137.80**	**132.51**

₹ Crore

NOTE NO. 28 "CURRENT LIABILITIES" "CURRENT TAX LIABILITIES NET"	AS AT 31.03.2018	AS AT 31.03.2017
Provision for Taxation less Advance tax	36.02	16.15
TOTAL	**36.02**	**16.15**

₹ Crore

NOTE NO. 29 "REVENUE FROM OPERATIONS"		Year Ended 31.03.2018	Year Ended 31.03.2017
1. Sales (Including Excise Duty)			
A. Manufactured Products	29A		
Fertilizers		2148.27	2197.50
Industrial Products		783.72	841.54
		2931.99	3039.04
B. Bought-out Products	29A		
Fertilizers		182.49	192.89
Net Sales		3114.48	3231.93
2. Other Operating Revenues			
Subsidy on Urea & Complex Fertilizers	29B	4180.92	3968.09
Sale of Scrap		3.83	4.32
Management Fees -For Services rendered		17.27	17.95
Margin on Tie- ups		2.13	1.87
TOTAL		**4204.15**	**3992.23**
Revenue from Operations		**7318.63**	**7224.16**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 29A "SALES - PRODUCT WISE BREAK-UP"	Year Ended 31.03.2018	Year Ended 31.03.2017
1. Manufactured		
A. Fertilizers		
Suphala 15 : 15 : 15	762.03	784.54
Urea / Neem coated Urea	1349.59	1376.51
Others	36.65	36.45
	2148.27	2197.50
B. Industrial Products		
Ammonia	254.86	282.67
Methylamines	86.85	93.16
Ammonium Nitrate Melt	250.27	245.35
Others	191.74	220.36
	783.72	841.54
2. Bought-out Products		
Imported Di Ammonium Phosphate	161.35	75.55
Imported Muriate of Potash	6.23	77.25
Others	14.91	40.09
	182.49	192.89
TOTAL	**3114.48**	**3231.93**

₹ Crore

NOTE NO. 29B "SUBSIDY ON UREA & COMPLEX FERTILIZERS"	Year Ended 31.03.2018	Year Ended 31.03.2017
1. Manufactured Fertilizers		
Price	3623.59	3371.96
Freight	467.05	464.65
	4090.64	3836.61
2. Bought-out Fertilizers		
Price	75.90	112.06
Freight	14.38	19.42
	90.28	131.48
TOTAL	**4180.92**	**3968.09**

₹ Crore

NOTE NO. 30 "OTHER INCOME"	Year Ended 31.03.2018	Year Ended 31.03.2017
1. Interest Income		
On Loans to Employees	0.20	0.30
On Deposits with Bank and Others	0.83	0.69
On Income Tax Refund	2.63	-
On Sales Tax Refund	0.75	-
From Customers	3.45	2.59
From Others	0.92	1.89
TOTAL	8.78	5.47

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 30 "OTHER INCOME"	Year Ended 31.03.2018	Year Ended 31.03.2017
2. Dividend Income	0.27	0.19
3. Other Income		
Profit on sale of fixed assets (Net)	2.18	0.06
Bad debts recovered	0.40	0.38
Rent received, recovery of electricity etc.	26.67	26.99
Lease compensation of railway siding	0.21	0.21
Government Grants (Refer Note No. 23B)	0.30	0.30
Amortisation of Deferred Deposits	(2.11)	3.09
Miscellaneous Income	24.55	30.31
	52.20	61.34
Less: Transferred to Research and Development Expenses (Refer Note No. 37C)	(0.01)	(0.01)
	61.24	**66.99**

₹ Crore

NOTE NO. 31 "COST OF MATERIALS CONSUMED"		Year Ended 31.03.2018	Year Ended 31.03.2017
Raw Materials	31A	2896.46	2700.55
Packing Materials		99.43	124.97
Less : Transferred to Research & Development Expenses (Refer Note No. 37C)		-	(0.02)
TOTAL		**2995.89**	**2825.50**

₹ Crore

NOTE NO. 31A "ITEMWISE BREAKUP OF MATERIALS CONSUMED"	Year Ended 31.03.2018	Year Ended 31.03.2017
RAW MATERIALS		
Rock Phosphate	73.71	70.57
Di-Ammonium Phosphate	2.29	95.77
Mono-Ammonium Phosphate	213.19	146.82
Muriate of Potash	203.99	232.47
Natural Gas	2301.89	2055.20
Others	101.39	99.72
SUB TOTAL	**2896.46**	**2700.55**
Less : Transferred to Research and Development Expenses (Refer Note No. 37C)	-	(0.02)
TOTAL	**2896.46**	**2700.53**

₹ Crore

NOTE NO. 32 "PURCHASES OF STOCK IN TRADE"	Year Ended 31.03.2018	Year Ended 31.03.2017
Imported Di Ammonium Phosphate	202.47	91.23
Imported Muriate of Potash	-	99.48
Others	11.19	34.97
TOTAL	**213.66**	**225.68**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 33 "CHANGES IN INVENTORIES OF FINISHED GOODS & STOCK IN TRADE"		Year Ended 31.03.2018	Year Ended 31.03.2017
Opening Stock			
Finished Goods	33A	304.49	372.86
Intermediary Products		23.84	42.52
By-Products		4.21	10.08
Stock in trade		3.93	59.57
Sub-Total		336.47	485.03
Closing Stock			
Finished Goods	33B	278.96	304.49
Intermediary Products		33.57	23.84
By-Products		7.02	4.21
Stock in trade		0.26	3.93
Sub-Total		319.81	336.47
Changes in Inventories		16.66	148.56
Differential Excise duty on stocks of Finished goods		(2.02)	(1.63)
TOTAL		**14.64**	**146.93**

₹ Crore

NOTE NO. 33A "OPENING STOCK - PRODUCT WISE BREAK-UP"	Year Ended 31.03.2018	Year Ended 31.03.2017
Finished Goods		
1. Manufactured		
A. Fertilizers		
Urea (Trombay)	50.94	55.26
Urea (Thal)	137.31	166.95
Complex Fertilizers	73.20	115.43
Others	40.07	31.64
B. Industrial Products		
Methanol	0.04	0.08
Concentrated Nitric Acid	0.73	0.10
Ammonium Bi-carbonate	0.06	0.17
Methylamines	0.40	0.45
Ammonium Nitrate Melt	0.02	0.02
Dimethyl Acetamide	1.44	2.18
Argon Gas / Liquid	0.22	0.34
Others	0.06	0.24
	304.49	372.86
2. Bought-out Products		
Fertilizers		
Imported Muriate of Potash	0.83	55.94
Sulphate of Potash	2.27	2.23
Others	0.83	1.40
	3.93	59.57
TOTAL	**308.42**	**432.43**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 33B "CLOSING STOCK - PRODUCT WISE BREAK-UP"	Year Ended 31.03.2018	Year Ended 31.03.2017
Finished Goods		
1. Manufactured		
A. Fertilizers		
Urea (Trombay)	32.50	50.94
Urea (Thal)	147.53	137.31
Complex Fertilizers	77.48	73.20
Others	19.92	40.07
B. Industrial Products		
Methanol	0.03	0.04
Concentrated Nitric Acid	0.10	0.73
Ammonium Bi-carbonate	0.21	0.06
Sodium Nitrate	0.25	-
Sodium Nitrite	0.36	-
Methylamines	0.38	0.40
Ammonium Nitrate Melt	0.02	0.02
Dimethyl Acetamide	0.03	1.44
Argon Gas / Liquid	0.06	0.22
Formic Acid	0.08	-
Others	0.01	0.06
	278.96	304.49
2. Bought-out Products		
Fertilizers		
Imported Muriate of Potash	0.00	0.83
Sulphate of Potash	0.11	2.27
Others	0.15	0.83
	0.26	3.93
TOTAL	**279.22**	**308.42**

₹ Crore

NOTE NO. 34 "EMPLOYEE BENEFITS EXPENSE"	Year Ended 31.03.2018	Year Ended 31.03.2017
Salaries,Wages and Bonus	500.93	424.08
Contribution to Provident Fund and other funds	43.36	44.53
Contribution to Gratuity Fund	7.32	-
Workmen and Staff Welfare Expenses	53.60	59.25
	605.21	527.86
Less : Transferred to Research and Development Expenses (Refer Note No. 37C)	(2.04)	(2.38)
Share recoverable from Thal Ammonia Extension and Others	(29.42)	(21.84)
	(31.46)	(24.22)
TOTAL	**573.75**	**503.64**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 35	"FINANCE COSTS"	Year Ended 31.03.2018	Year Ended 31.03.2017
i.	**Interest**		
a.	Term Loans-From Banks *	5.31	11.51
b.	Working capital from Banks	45.92	61.94
c.	Other loans and deposits	7.40	5.56
ii.	**Interest on Deferred deposits**	(2.69)	2.99
iii.	**Other Borrowing & Finance Costs;**	0.77	1.07
iv.	**Exchange differences regarded as an adjustment to borrowing costs**	5.88	10.91
	TOTAL	**62.59**	**93.98**

* Net of transfers to CWIP / Capitalisation ₹ 7.66 crore, P.Y. Nil

₹ Crore

NOTE NO. 36	"DEPRECIATION AND AMORTISATION EXPENSES / IMPAIRMENT"	Year Ended 31.03.2018	Year Ended 31.03.2017
i.	Depreciation on Property Plant and Equipment	135.38	136.92
ii.	Impairment / reversal on Property Plant and Equipment	(1.08)	-
iii.	Depreciation on Investment Property	0.15	0.14
iv.	Amortisation on Intangible Assets	2.79	4.23
	Total Depreciation / Amortisation Impairment provided during the year	137.24	141.29
	Less : Under Research and Development Expenses (Refer Note No. 37C)	(0.20)	(0.19)
	As reported under Statement of Profit & Loss:	**137.04**	**141.10**

₹ Crore

NOTE NO. 37 " OTHER EXPENSES"		Year Ended 31.03.2018	Year Ended 31.03.2017
Stores and Spares		26.73	34.63
Power and fuel *		2241.88	1887.82
Water Charges		(1.97)	77.86
Repairs and Maintenance	37A	108.05	135.60
Freight and Handling Charges		688.58	701.86
Rent		9.53	19.34
Rates and Taxes		8.76	10.12
Insurance		14.78	10.51
Miscellaneous Expenses	37B	157.91	227.91
Less: Transferred to Research & Development Expenses (Refer Note No. 37C)		(0.29)	(0.06)
		3253.96	**3105.59**

* Net of transfers to CWIP / Capitalisation ₹ 15.01 crore, P.Y. Nil

₹ Crore

NOTE NO. 37A "REPAIRS AND MAINTENANCE"	Year Ended 31.03.2018	Year Ended 31.03.2017
Plant and Machinery	70.31	87.47
Buildings	19.84	27.58
Other Assets	17.98	20.61
	108.13	135.66
Less: Transferred to Research & Development Expenses (Refer Note No. 37C)	(0.08)	(0.06)
TOTAL	**108.05**	**135.60**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 37B "MISCELLANEOUS EXPENSES"		Year Ended 31.03.2018	Year Ended 31.03.2017
Security expenses-Factory and Others		39.94	43.31
Electricity Charges-Township and Offices		7.89	7.73
Advertisement		4.40	8.34
Bank Charges		1.66	1.53
Promotion and Publicity		6.86	7.63
Hire Charges for vehicles		4.97	4.70
Travelling expenses		4.55	5.38
Entertainment Expenses		0.06	0.14
Donations		-	0.05
Research and Development expenses	37C	2.94	3.16
Loss on Fixed Assets Sold /Discarded		0.12	0.97
Losses/ Damages and other amounts written off		1.80	-
Foreign exchange Loss/(Gain)		3.66	(10.92)
Corporate Social Responsibility expenses		7.79	8.63
Excise on sales		27.01	125.00
Provision for Doubtful Debts/ Claims/ Advances		17.01	2.35
Provision for obsolescense of stores		2.24	5.56
Bad debts written off		0.50	0.93
Provision of earlier years no longer required		(5.53)	(1.35)
Liabilites for expenses no longer required		(26.80)	(10.42)
Recovery of share of common expenses		(20.24)	(21.69)
Other expenses **		77.08	46.88
TOTAL		**157.91**	**227.91**

** Includes Directors' sitting fees C.Y. ₹ 12,70,000, P.Y. ₹ 7,65,000

₹ Crore

NOTE NO. 37C "RESEARCH & DEVELOPMENT EXPENSES"	Year Ended 31.03.2018	Year Ended 31.03.2017
Salaries and Staff Welfare Expenses	2.04	2.38
Repairs and Maintenance	0.08	0.06
Depreciation	0.20	0.19
Direct Research Expenditure	0.34	0.46
Other Expenses	0.14	0.02
Handling charges	0.15	0.04
Materials Consumed	-	0.02
SUB TOTAL	2.95	3.17
Less: Transferred from Other Income	(0.01)	(0.01)
TOTAL	**2.94**	**3.16**

₹ Crore

NOTE NO. 38 "EXCEPTIONAL ITEMS"	Year Ended 31.03.2018	Year Ended 31.03.2017
Fair valuation (Gain) / Loss - Transferable Development Right	(107.94)	-
Past Service Cost (Gratuity)	108.06	-
TOTAL	**0.12**	**-**

(Refer Note No. 65)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 39 "OTHER COMPREHENSIVE INCOME"	Year Ended 31.03.2018	Year Ended 31.03.2017
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	(13.11)	1.22
Fair Value Equity instruments (IPL Shares)	12.50	1.77
	(0.61)	2.99
Less: Income tax relating to above items	(0.48)	(1.02)
TOTAL	**(1.09)**	**1.97**

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

40. DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES AS PER IND AS 107

₹ Crore

		As at 31.03.2018	As at 31.03.2017
I)	**FINANCIAL ASSETS**		
a.	BREAKUP OF FINANCIAL ASSETS AT FAIR VALUE THORUGH OCI		
	Investments - fully paid shares	57.38	44.88
	TOTAL	**57.38**	**44.88**
b.	BREAKUP OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT & LOSS		
	Derivatives not designated as hedges	2.33	-
	TOTAL	**2.33**	**-**
c.	BREAKUP OF FINANCIAL ASSETS CARRIED AT AMORTISED COST		
	Loans	7.27	1.92
	Others Financial Assets	79.22	18.48
	Trade Receivables	2955.41	3641.72
	Cash and Cash Equivalents	5.24	10.31
	Other Bank Balances	0.71	2.70
		3047.85	**3675.13**
d.	BREAKUP OF FINANCIAL ASSETS CARRIED AT COST		
	Investments - Joint ventures	5.02	0.02
	TOTAL	**5.02**	**0.02**
	TOTAL FINANCIAL ASSETS	**3112.58**	**3720.03**
II)	**FINANCIAL LIABILITIES**		
a.	BREAKUP OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS		
	Derivative not designated as hedges	-	5.38
	TOTAL	**-**	**5.38**
b.	BREAKUP OF FINANCIAL LIABILITIES CARRIED AT AMORTISED COST		
	Borrowings	1254.65	1659.38
	Trade Payables	909.19	844.96
	Deposit from Employees	0.01	0.03
	Corporate Guarantees Given / One Time Settlement Liability	19.50	35.47
	Current maturities of long term debt	76.36	109.50
	Interest accrued but not due on borrowings	3.48	2.05
	Unclaimed dividend	0.71	0.66
	Creditors on Capital Account	10.32	3.05
	Standing Deposit from Customers	49.93	48.32
	Trade Deposit from Customers	73.08	70.38
	Earnest Money Deposit & Security Deposit from Vendors	103.07	69.39
	Ex-gratia & employee benefits	131.09	19.94
	TOTAL	2631.39	2863.13
	TOTAL FINANCIAL LIABILITIES	**2631.39**	**2868.51**

The above referred carrying values of Financial Assets and Liabilities approximate its fair value as at the balance sheet date.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

41. Contingent Liabilities not provided for:

41.1 Claims against the Company not acknowledged as debts to the extent ascertainable (Interest cannot be estimated reliably) and not provided for net of payment/liability provided:-

₹ Crore

Sr. no	Particulars	As at 31.03.2018	As at 31.03.2017
1	**Invoices/ debit notes and claims raised by GAIL(India) Ltd.**		
a	Increased gas transmission charges for ONGC pipeline. Stay order obtained from Mumbai High Court and directed to resolve through arbitration.	64.30	64.30
b	Levy of Market priced gas differential for use of APM/Domestic Gas for Non-fertilizer Non-Urea operations (Refer Note no. 48)	1231.05	1062.83
c	For non-submission for FICC certified gas utilization data	39.39	39.39
	Sub total	**1334.74**	**1166.52**
2	**Claims on the Company not acknowledged as debts by Contractors / Suppliers/ Arbitrators etc.**	**90.97**	**15.51**
3	**Demands raised by various authorities that may arise in respect of matters in appeal**		
	Excise Duty (D) *	35.94	33.85
	Excise Duty (S)	5.69	5.69
	Sales Tax	17.34	38.25
	Income Tax	21.42	25.10
	Service Tax (D)	30.67	21.31
	Service Tax (S)	6.49	4.37
	Custom Duty (D)	80.93	80.93
	Custom Duty (secured by Bank Guarantee)**	25.62	25.62
4	Water charges claimed by Municipal Corporation of Greater Mumbai	2.84	2.28
5	Claims preferred by local authorities	55.26	8.34
	GRAND TOTAL	**1707.91**	**1427.77**

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

*Includes an amount of ₹ 24.82 crores (P.Y. ₹ 24.82 crores) towards duty, interest and penalty relating to purchase of Naphtha at concessional rate of excise duty for the purposes other than mentioned in the exemption notification for the period November-1996 to October-2005. The demand for the period upto February-2005 for ₹ 21.28 crores (P.Y. ₹ 21.28 crores) has been appealed against by the Company and the matter is resting with the Honorable Supreme Court, which is yet to be heard. For the subsequent period the show cause notice has been stayed by CESTAT and appeal is yet to be heard. Pending hearing, no provision is considered necessary.

**The demand of duty is secured by Bank Guarantees amounting to ₹ 29.07 crore and the Company has filed an appeal against the same before the bench of CESTAT, which is yet to be heard. Company has been advised by solicitors and advocates that the demand is not tenable and no provision is considered necessary.

The amount of claims in respect of legal cases filed against the Company for labour matters relating to regular employees and not acknowledged as debts is not ascertainable.

41.2 Demand of ₹ 33.48 crore raised by Municipal Corporation of Greater Mumbai (BMC) towards additional sewerage charges levied from 5-4-1987 are disputed by the Company in a Writ Petition filed in Bombay High Court. The Honorable High Court vide its interim Order dated 10-11-92 has granted stay on recovery of the demand for the period

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

up to the date of the Order and directed the Company to pay sewerage charges from the date of the order which is being paid by the Company. The matter has been disposed off by the High Court and the Company approached Supreme Court. Supreme Court has now directed the Bombay High Court to hear the matter and decide on merits based on facts of the case. The Stay granted on the said matter continues.

As a part of an agreement entered into with BMC for obtaining raw sewerage, the Company has paid an interest free deposit of ₹ 16 crore to BMC (included in Note no.8) representing approximately 50% of the disputed demand which would be adjustable against the disputed demand in case the Court rules in favor of BMC. No provision is considered necessary for the disputed demand of ₹ 33.48 crore as the claim of BMC is not tenable.

41.3 In respect of clause 41.1 to 41.2 above, it is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flows, if any.

42. Capital Commitments:

₹ Crore

Particulars	As at 31.03.2018	As at 31.03.2017
Capital Expenditure Commitments	873.35	569.74
Commitment Towards Investments	-	7.64

43. Disclosures relating to Finance Lease:

Relating to 416 Wagons leased to Indian Railways "Under Own your Wagons Scheme"

₹ Crore

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Minimum Lease Payments		
Not Later than one year	0.71	0.71
Later than one year but not later than 5 years	0.35	1.06
Later than 5 years	-	-
Total	**1.06**	**1.76**
Amount representing finance income earned during the year	0.15	0.21
Adjusted Against Lease Receivable during year	0.56	0.50
Total	**0.71**	**0.71**
Present Value of MLP		
Not Later than one year	0.09	0.56
Later than one year but not later than 5 years	0.04	0.96
Later than 5 years	-	-
Total	0.13	1.52
Unearned Finance Income	0.10	0.24
Expected Credit Loss on above	NIL	NIL

44. Formalities relating to transfer of certain immovable and other properties from Fertilizer Corporation of India Limited to the Company on reorganization of the former in 1978 are not yet completed. Out of property cards for a total area of 30,89,013 Sq. meters (P.Y. 30,89,013 Sq. meters), property cards for 3,78,321 Sq. meters (P.Y. 3,78,321 Sq. meters) are yet to be transferred in the name of the Company.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

45. Out of total area of 50,52,476 Sq. meters area at Thal Unit, the title deeds relating to area of 32,27,573 Sq. meters (P.Y. 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.

46. 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.

47. The Company is eligible to receive subsidy from Fertilizer Industry Co-Ordination Committee (FICC) / Department of Fertilizers (DOF) on Urea, Phosphatic and Potassic (P & K) Fertilizers at the rates notified from time to time.

a. For the rates yet to be notified, due to escalations/de-escalations in the cost of inputs and other costs, subsidy has been accounted on estimated basis. The details of subsidy accounted on estimated basis are as under:-

₹ Crore

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017
	Urea	Urea
For the Year	578.73	(560.74)

Figures in brackets represents subsidy refundable to Govt. of India.

b. The matter relating to the issue of unintended benefits accruing to units using domestic gas for manufacture of nutrient "N" has been referred and is pending before an Inter-Ministerial Committee (IMC) of Government of India (GoI). An amount of ₹ 198.94 crore has been withheld by Department of Fertilizers (DOF) for the period January, 2014 to September, 2015 towards the same. DoF has recently agreed to release the amount withheld against submission of bank guarantee, which has since been submitted. Pending final decision on the said matter and since the Company is of the view that no unintended benefits have accrued to it and is expecting full recoverability of the same, Company has continued to recognize subsidy income on P&K fertilizers at the rates notified by DoF.

48. Consequent to Gas pooling being made applicable to Fertilizer (Urea) sector w.e.f. 1st June, 2015, it is expected that a differential pricing of gas may be made applicable for non-urea usage. Company has represented to DoF for maintaining supply of domestic gas for P&K fertilizers and chemicals. Further effective from 16th May, 2016 the Company has entered into a contract for procurement of market priced gas for non-urea operations at Trombay unit.

In the interim, Ministry of Petroleum & Natural Gas (MoPNG) vide its order No. L-13013/3/2012-GP-I, dated: 16th December, 2015 has directed GAIL (India) Limited to levy a higher gas price (i.e. the highest rate of RLNG used for production of urea) for gas consumed in non-urea operations. As the matter relating to the same is pending before the IMC for decision, Company has represented that any decision on the same be taken only upon the issue being settled by the IMC of GoI.

Pursuant to the said order, GAIL has sought a differential levy amounting to ₹ 1442.84 crore for the period commencing from 1st July 2006 till 31st March 2017 and has initiated arbitration proceeding towards non-payment of the same, which has been currently referred to Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD).

Company has also represented this matter to Department of Fertilizers for dispute resolution as the matter relating to the same is pending before the IMC of GoI.

However, pending finalization of price payable as per the MoPNG order, a liability of ₹ 211.79 crore as on 31st March, 2018 (₹ 210.63 crore upto 31st March, 2017) has been recognized for the period commencing from 1st June, 2015 based on the difference between the domestic gas price and pooled / market price of gas for its non-urea operations as applicable.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

49. Disclosures relating to Impairment of Non-Financial Assets:

Company has carried out impairment testing of its Cash Generating Units (CGU) which is carried out considering an estimated useful life of 10 Years for arriving at the value in use. In determining value in use for the CGU, the cash flows were discounted at a rate of 8% on pre-tax basis. Accordingly, no provision towards impairment is reckoned during the year.

As the Methylamine plant at Trombay is expected to be disposed off, the residual value of certain assets have been transferred to asset held for disposal with certain assets transferred to other CGU. Accordingly the impairment provision reckoned in previous year has been reversed.

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

For the year 2017-18

₹ Crore

Sr No.	Plant	Provision for Impairment made during the year	Reversal of Impairment Provision made during the year	Balance in Provision account at the end of the year	Recoverable Amount	Reportable Segments In which these Plants/Assets are used
1	Dimethyl Formamide	-	-	0.05	0.43	Chemical Segment
2	Carbon Mono Oxide	-	-	8.06	1.84	Chemical Segment
3	Methylamines-Trombay	-	(1.08)	-	-	Chemical Segment
	Total	**-**	**(1.08)**	**8.11**	**2.27**	

For the year 2016-17

₹ Crore

Sr No.	Plant	Provision for Impairment made during the year	Reversal of Impairment Provision made during the year	Balance in Provision account at the end of the year	Recoverable Amount	Reportable Segments In which these Plants/Assets are used
1	Dimethyl Formamide	-	-	0.05	0.43	Chemical Segment
2	Carbon Mono Oxide	-	-	8.06	1.84	Chemical Segment
3	Methylamines-Trombay	-	-	1.08	0.26	Chemical Segment
	Total	**-**	**-**	**9.19**	**2.53**	

The recoverable amount of ₹ 2.27 crore was based on value in use and was determined at the level of the CGU.

Higher raw material prices coupled with steep fall in realizations warranted in carrying out a review of the recoverable amount of the said plants and related equipment's resulting in provision towards impairment.

Key assumptions based on which recoverable amount is most sensitive.

The calculation of value in use for the identified CGU is most sensitive to the following assumptions.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

1. **Selling Prices**

   The extant selling prices are considered for forecasting cash flow estimates for arriving at the value in use. The selling prices are assumed to be kept constant in future year projections.

2. **Discount Rate**

   Discount rate is estimated considering the entities incremental borrowing rate which is arrived at considering the present debt structure etc.

3. **Sales Quantity**

   The sales projections have been worked out considering the present demand scenario and the operating capacities of the plants.

4. **Raw Material Prices - Considering current prices of raw materials.**

   The estimates of cash flows are done considering current raw material prices at the reporting date and the same are assumed to be remain constant in the future year projections as any increase in the same is expected to be passed on to the market.

50. 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. 49, Company has also provided towards inventory of specific spares relating to the said plants.

The value of such inventory and provision towards the same is as under:-

₹ Crore

Sr. No.	Particulars	As on 31.03.2018	As on 31.03.2017
A			
1	Surplus Stores and Spares	17.24	16.33
2	Disposable Surplus	14.81	15.44
3	Specific stores and spares of impaired assets	10.88	9.22
4	Material Stolen	0.21	0.21
	Total	**41.21**	**43.15**
B			
1	Provision made for Disposable Surplus	14.07	14.68
2	Provision reckoned on stores and spares for impaired assets	10.34	8.76
3	Provision for Material Stolen	0.21	0.21
	Total	**24.62**	**23.65**

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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

₹ Crore

Sr. No.	Particulars	As at 31.03.2018	As at 31.03.2017
1	Principal amount remaining unpaid	15.14	11.93
2	Interest due thereon	0.01	-
3	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	NIL	NIL
4	Interest due and payable for the period of delay making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
5	Interest accrued and remaining unpaid	NIL	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.

52. Based on the nature of business activities undertaken by the Company and requirement of IND AS 108, following are the operating segments identified

Segment	Nature of activities
Fertilizers	Production and supply of various grades of Fertilizers for agricultural use.
Industrial Chemicals	Production of various chemicals and supply to diverse industries
Trading	Represents fertilizers imported / locally sourced and marketed for agricultural use.

The necessary disclosures as required under IND AS 108 are given in **Annexure-1.**

The segment revenue and segment results are arrived at based on the revenues generated out of sale of such products and the costs attributable are reduced for arriving at the segment results. Assets are allocated to operating segments based on the intended use for which the asset was primarily installed. Liabilities are allocated to operating segments to which it relates to.

No operating segments have been aggregated to form the above reportable operating segments.

53. Disclosures under IND AS 24 on Related Party Transactions are given below:

Since Government of India owns 75% of the Company's equity share capital (under the administrative control of Ministry of Chemicals and Fertilizers), the disclosures relating to transactions with Government and other Government controlled entities have been reported in accordance with para 26 of IND AS 24.

Certain transactions are carried out with other government related entities for purchase of Gases, for procurement of Raw Materials / Finished Goods, Assets / Spare Parts from Original equipment manufacturers, which are significant in terms of value, the details of which are as under:

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Name of Entity	Nature of Transaction	2017-18	2016-17
		₹ Crore	₹ Crore
GAIL (India) Ltd.	Procurement of Gas / Transportation Charges	3860.27	3,491.49
Mangalore Refinery & Petrochemicals	Procurement of Sulphur	13.35	20.09
MMTC Limited	Procurement of MOP	-	90.43
Bharat Petroleum Corporation Limited	Procurement of Gas	101.81	87.17
Bharat Petroleum Corporation Limited	Deposit received for STP Project	14.69	10.68
Indian Oil Corporation Ltd.	Procurement of Gas	107.35	83.98
Oil and Natural Gas Corporation Ltd.	Renting of Immovable Property	19.92	22.47
GAIL (India) Ltd.	Compensation and Administration Charges towards Gas Swapping	-	4.36
GSPC ENERGY LIMITED	Procurement of Gas	30.63	-
GAIL (India) Limited	Gas Swapping arrangement	-	107.43
MAIDC	Sale of fertilizers	12.16	16.92
The Singareni Collieries Co. Ltd.	Sale of Industrial chemicals	9.56	14.44
Hindustan Insecticides Limited	Sale of fertilizers	38.45	24.13
Fertilizers and Chemicals Travancore Ltd.	Inter Corporate Loan given	6.00	-

The above referred transactions have been carried out on arm's length basis with the said entities.

The other disclosures with related parties are as under:

1) Relationship

JOINT CONTROLLED ENTITIES

Name of the Company	No. of Shares	Country of Incorporation	% of Ownership interest as at	
			31-03-2018	31-03-2017
1) FACT-RCF BUILDING PRODUCTS LTD. (FRBL) *	32870000 of ₹ 10 each	India	50.00	50.00
2) URVARAK VIDESH LTD. (UVL) *	180002 of ₹ 10 each	India	33.33	33.33
3) TALCHER FERTILIZERS LIMITED (FORMERLY KNOWN AS RASHTRIYA COAL GAS FERTILIZERS LIMITED) (TFL) #	5015000 of ₹ 10 each	India	33.32	30.00

* Consequent to full provision recognized towards the investments made in FRBL and UVL as per Indian GAAP, the carrying value as on the date of transition has been recognized as deemed cost of investment which is NIL as on the transition date .i.e. 1st April 2015.

Further URVARAK VIDESH LTD. (UVL) has been declared as Dormant Company on 04.11.2015 by Registrar of Companies, New Delhi.

The shareholding is subject to change depending on the final value of the assets transferred by FCIL to Talcher Fertilizer Ltd.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Transactions during the year with the above referred related parties:

₹ Crore

Sr. No.	Particulars	Year ended 31.03.2018		Year ended 31.03.2017	
		Amount	Party-wise amount	Amount	Party-wise amount
1	Contribution towards share capital	5	5 TFL	-	-
2	Advances given	16.27	16.25 FRBL 0.02 TFL	0.28	FRBL 0.27 TFL 0.01

Company has received 5000000 shares of ₹ 10 each from JV Talcher Fertilizers Ltd. against its share of contribution during the year.

The provision towards the amount given as advances and additional equity contribution pending allotment in FRBL made in the earlier financial years continues and during the year an amount of ₹ 16.25 crores towards certain advances given to FRBL has also been fully provided for.

Balance Outstanding:

₹ Crore

Sr. No.	Particulars	As at 31.03.2018	As at 31.03.2017
		Joint Ventures	Joint Ventures
1	Guarantees given (as security for credit facilities availed by FRBL from Banks)	FRBL – 19.50*	FRBL - 37.67
2	Advances Given (for meeting business requirements)	FRBL – 18.38 TFL 0.03	FRBL- 2.13 TFL -0.01

Out of Guarantees given by the Company on behalf of FRBL to its bankers, guarantees amounting to ₹ 35.47 crore has been recognized as a financial asset at fair value. Expecting the liability of repayment of debt obligations to FRBL bankers may devolve on the Company, loss on impairment of its corporate guarantee amounting to ₹ 35.47 crore towards term loan has been done with adjustment to its opening reserves as at 1st April 2015,consequent to transition to Ind AS.

One time settlement has been entered with the bankers and FRBL with the Company contributing towards the same. Accordingly the liability towards corporate guarantee obligation / one time settlement stands restricted to ₹ 19.50 crores on account of payment of ₹ 15.97 crore towards the same and the existing liability towards the same stands reversed.

Upon payment of the balance amount under OTS the corporate guarantee would be discharged.

Out of the total value of guarantees given, ₹ 2.20 crore pertains to guarantee given for working capital facilities from banks on behalf of FRBL. Since such facility has not been availed, no provision towards financial guarantee and corresponding asset has been recognized.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

2) Key Management Personnel

(i) Shri Umesh V. Dhatrak, Chairman & Managing Director from 14.09.2017

(ii) Shri Sudhir Panadare, Director (Technical) from 18.12.2017

(iii) Shri CMT Britto, Director (Technical) upto 30.06.2017

(iv) Shri Suresh Warior, Director (Finance) and CFO upto 30.11.2017.

(v) Shri Umesh Dongre, Director (Finance) and CFO from 09.02.2018

(vi) Shri D M Sati, Company Secretary upto 30.09.2017

(vii) Shri Jai Bhagwan Sharma, Company Secretary from 01.10.2017

Details relating to parties referred in above:

Remuneration:

₹ Crore

Particulars	Year ended 31.3.2018	Year ended 31.3.2017
Shri. Umesh V. Dhatrak	0.20	-
Shri. Sudhir Panadare	0.13	-
Shri. CMT Britto	0.55	0.41
Shri. Umesh Dongre	0.05	-
Shri. Suresh Warior	0.71	0.46
Shri. Jaibhagwan Sharma	0.11	-
Shri. D. M.Sati	0.09	0.41
Total	**1.84**	**1.28**

The above amount includes salaries and allowances, contribution to Provident fund, pension etc. and actual payments towards leave encashment, if any.

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. Further the above figures do not include the arrears of wage revision due from 01.01.2017 as approved by Board.

There have been no outstanding loans and advances from the above referred parties as at year end.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

54. Disclosure as per Ind AS 37 on "Provisions, Contingent Liabilities and Contingent Assets" as on 31st March 2018:

₹ Crore

Sr. No.	Particulars	Balance as on 1.4.2017	Addition	Utilization	Reversal	Balance as on 31.3.2018
a)	Disputes and Claims, Legal Matters	2.00 (2.00)	- -	- -	- -	2.00 (2.00)
b)	Provisions against contractual liabilities	25.00	-	25.00*	-	0.00

Figures in brackets are in respect of previous year.

* In accordance with DPE OM dated 3rd August, 2017 prescribing guidelines for wage revision, Company has approved the same. Consequently the existing provision is transferred to other current liabilities.

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 ₹ 0.70 crore (Previous year ₹ 0.69 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.

55. Earnings per Share –Basic and Diluted

Particulars	Year ended 31.3.2018	Year ended 31.3.2017
Net profit after tax as per Statement of Profit and loss (₹ crore) (A)	78.80	179.25
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)	1.43	3.25
EPS from continuing operations	1.43	3.25

56. "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	
		31-3-2018	31-3-2017
1) FACT-RCF BUILDING PRODUCTS LTD.	India	50.00	50.00
2) URVARAK VIDESH LTD.	India	33.33	33.33
3) TALCHER FERTILIZERS LIMITED (formerly known as Rashtriya Coal Gas Fertilizers Limited)	India	33.32	30.00

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

A) **FACT-RCF BUILDING PRODUCTS LTD:-** A Joint venture Company with Fertilizers and Chemicals Travancore Ltd. (FACT) for manufacture of rapid building materials from Gypsum at Kochi.

Summarized financial information of Company's investment in FACT-RCF BUILDING PRODUCTS LTD. (FRBL)

₹ Crore

Sr. No.	Particulars	As at 31/3/2018 (Unaudited)	As at 31/3/2017 (Unaudited)
1	Non-Current Assets	73.83	83.88
2	Cash and Cash Equivalent	0.55	0.54
3	Current Assets other than Cash and Cash Equivalent	8.26	9.55
4	Non-Current Liabilities	81.60	109.81
5	Current Liabilities	44.71	23.52
6	Equity	(43.67)	(39.36)
7	Proportion of the company's ownership	50%	50%
8	Carrying amount of the investment*	-	-
9	Capital Commitments	4.66	4.66
10	Commitment to subscribe to additional equity	-	7.64
11	Contingent Liabilities	5.63	5.63
Sr. No.	**Particulars**	**Year Ended 31/3/2018 (Unaudited)**	**Year Ended 31/3/2017 (Unaudited)**
1	Income	16.48	21.05
2	Cost of materials consumed	1.53	1.77
3	Depreciation and amortization expense	9.69	9.67
4	Finance costs	4.62	12.00
5	Employee benefits expenses	2.92	3.59
6	Other Expenses	10.70	18.17
7	Profit/Loss from continuing operations before exceptional item	(14.84)	(24.02)
8	Exceptional Item	10.53	-
9	Profit/Loss Before Tax	(4.31)	(24.02)
10	Total comprehensive income for the year	(4.31)	(24.02)
11	Company's Share of profit / loss for the year	(2.16)	(12.01)

* Owing to the company's share of losses exceeding its interest in the joint venture the share of loss stands discontinued. Accordingly company has not recognized share of loss of ₹ 2.16 crore for the year (P.Y. ₹ 12.01 crore) and ₹ 26.98 crore cumulatively upto the year ended 31.03.2018 (₹ 24.82 crore cumulatively upto the year ended 31.03.2017).

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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. Further URVARAK VIDESH LTD. (UVL) has been declared as Dormant Company on 04.11.2015 by Registrar of Companies, New Delhi.

Summarized financial information of company's investment in URVARAK VIDESH LTD.

₹ Crore

Sr. No.	Particulars	As at 31/3/2018 (Audited)	As at 31/3/2017 (Audited)
1	Non-Current Assets	0.00 ₹ 4,296	0.00 ₹ 7,733
2	Cash and Cash Equivalent	0.01	0.01 ₹ 70,151
3	Current Assets other than Cash and Cash Equivalent	0.09	0.11
4	Non-Current Liabilities	-	-
5	Current Liabilities	0.02	0.03
6	Equity	0.08	0.09
7	Proportion of the company's ownership	33.33%	33.33%
8	Carrying amount of the investment	0.03	0.03

Sr. No.	Particulars	Year Ended 31/3/2018 (Audited)	Year Ended 31/3/2017 (Audited)
1	Income	0.01	0.01
2	Cost of materials consumed	-	-
3	Depreciation and amortization expense	0.00 ₹ 3,437	0.00 ₹ 3,437
4	Finance costs	-	-
5	Employee benefits expenses	-	-
6	Other Expenses	0.01	0.01
7	Profit / (Loss) from continuing operations	0.01 ₹ (73,513)	0.00 ₹ (13,939)
8	Total comprehensive income for the year	0.01 ₹ (73,513)	0.00 ₹ (13,939)
9	Company's Share of profit / loss for the year	(0.00) ₹ (24501.88)	(0.00) ₹ (4645.87)

C) **TALCHER FERTILIZERS LIMITED (formerly known as Rashtriya Coal Gas Fertilizers Limited): -** A new Joint venture Company with Coal India Limited (CIL), GAIL (India) Limited and Fertilizer Corporation of India Limited (FCIL) was incorporated on 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).

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Summarized financial information of company's investment in TALCHER FERTILIZERS LTD. (Formerly known as Rashtriya Coal Gas Fertilizers Ltd.)

₹ Crore

Sr. No.	Particulars	As at 31/3/2018 (Unaudited)	As at 31/3/2017 (Audited)
1	Non-Current Assets	6.81	-
2	Cash and Cash Equivalent	8.49	0.05
3	Current Assets other than Cash and Cash Equivalent	0.65	-
4	Non-Current Liabilities	-	-
5	Current Liabilities	0.86	0.03
6	Equity	15.09	0.02
7	Proportion of the company's ownership	33.32%	30%
8	Carrying amount of the investment	5.03	0.01
9	Income	0.26	-
10	Cost of materials consumed	-	-
11	Depreciation and amortization expense	0.01	-
12	Finance costs	-	-
13	Employee benefits expenses	-	-
14	Other Expenses	0.17	0.03
15	Profit/(Loss) from continuing operations	0.07	(0.03)
16	Total comprehensive income for the year	0.07	(0.03)
17	Company's Share of profit / loss for the year	0.02	(0.01)

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

₹ Crore

Sr. No.	Particulars	Year ended 31.3.2018	Year ended 31.3.2017
1	Audit fees for the year (including fees for IND-AS opening Balance-Sheet) (C.Y. Nil, P.Y. ₹ 0.03 crore)	0.21	0.25
2	Audit fees for Limited review	0.03	0.02
3	Audit fees for Consolidated Financial Statement	0.01	0.01
4	For Certificate and other expenses	0.07	0.08
5	For travelling and out of pocket expenses *	-	-

*(C.Y. ₹ 28,422/- P.Y. ₹ 7,980/-)

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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

Particulars	Unit	2017-18	2016-17
CER's at the beginning of the year (includes 28,772 CERS held on behalf of supplier of Catalyst)	No.	9,73,738	9,73,738
CER's Allotted	No.	-	-
CER's Sold	No.	-	-
CER's held at year end (includes 28,772 CERS held on behalf of supplier of Catalyst)	No.	9,73,738	9,73,738
CER's under certification	No.	Nil	Nil
Depreciation, operating and maintenance cost of emission reduction equipment's expensed during the year	₹ Crore	0.21	0.21

59. Employee Benefits:

The required disclosure under IND AS 19 is given below.

General Description of Defined Benefit Plan

1) Provident Fund:-

The Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952.

During the year an amount of ₹ 33.38 crore (P.Y. ₹ 34.08 crore) has been charged off to statement of Profit and loss towards contribution by the Company.

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

Particulars	As at 31st March 2018	As at 31st March 2017
Maturity profile assumed upto	5 years	5 years
Expected guaranteed interest rate	8.80%	8.90%
Discount rate	7.56%	7.12%

The details of fund plan asset position are given below.

₹ Crore

Particulars	As at 31st March 2018	As at 31st March 2017
Total plan assets	1095.53	1030.61
Total plan liabilities (as per unaudited financial statement)	1095.53	1030.61
Asset recognized in Balance Sheet	-	-

The funds of the trust have been invested under various securities as per the pattern of investment mandated by Employees Provident Fund Organization (EPFO) Guidelines.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

2) Gratuity:-

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service depending upon the date of joining the same is payable on death, separation from service, or retirement, whichever is earlier. The benefit vests after five years of continuous service. During the year, the charge on account of Gratuity to Statement of Profit and Loss is ₹ 125.73 crore (PY ₹ NIL).

There has been significant increase in gratuity liability mainly owing to revision in the limits relating to maximum gratuity payable from ₹ 10 lakhs to ₹ 20 lakhs. Accordingly the Past service cost relating to gratuity which is one time in nature amounting to ₹ 108.06 crore has been reported as an exceptional item.

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 2018 is ₹ 205.86 crore (P.Y. ₹ 184.75 crore)

4) Post-Retirement Medical Benefits:-

The Company has been accounting for provision on account of post-retirement medical benefits based on actuarial valuation carried out as at the Balance Sheet date. Employees of the company upon retirement/ separation under Voluntary Retirement Scheme are entitled to medical benefits as per agreed upon scheme in force.

5) Long Term Service Award:

As a part of cordial relation and appreciation of long dedicated service, Company is honoring its employees with a memento on completion of 25 years of service.

General Description of Defined Contribution Plan

Contributory Superannuation Scheme: - The scheme is a defined contribution scheme. Employees are required to exercise their option to be a part of the scheme and make a contribution equivalent to the amount contributed by the Company to the fund, upon becoming the member of the scheme. Under the scheme the employee shall be eligible for pension provided they have put in at least 15 years of service in the company and superannuate from the Company which is as per Government of India guidelines. During the year Company has paid an amount of ₹ 9.89 crore (P.Y. ₹ 10.34) crore, as contribution towards the said scheme.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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 31st March 2018		As at 31st March 2017	
		Gratuity (Funded)	**Post-Retirement Medical Benefits (Non-Funded)**	**Gratuity (Funded)**	**Post-Retirement Medical Benefits (Non-Funded)**
1)	**Components of Employer expenses**				
	Current Service Cost	7.83	3.11	2.29	1.54
	Past Service cost	123.44	-	-	-
	Net Interest Income / (Cost)	(0.51)	4.41	-	4.36
	Net expense/(gain) recognized in the statement of Profit and Loss	130.76	7.51	2.29	5.90
	Remeasurement of the net defined benefit liability				
	Actuarial Gains or Losses due to changes in Financial Obligations	(6.48)	(3.32)	3.87	2.38
	Actuarial Gains or Losses due to experience adjustments	18.66	6.07	(11.81)	(3.60)
	Return on plan assets excluding amounts included in Net Interest Expense	1.83	-	1.51	-
	Components of defined benefit cost recognized in other comprehensive income	10.35	2.75	-	(1.22)
2)	**Changes in Benefit Obligations**				
	Present value of Obligation at year beginning	179.59	61.91	192.15	57.63
	Service Cost	7.83	3.11	2.29	1.54
	Interest Cost	12.79	4.41	14.53	4.36
	Past Service cost	123.44	-	-	-
	Actuarial (gain)/Loss	12.18	2.76	(7.94)	(1.22)
	Benefits paid	17.84	(5.00)	(21.44)	(0.39)
	Present value of Obligation at year end	317.99	67.18	179.59	61.91
3)	**Changes in Plan Assets**				
	Fair value of Plan Assets, at year beginning	186.75	-	192.15	-
	Expected return on Plan Assets	13.30	-	14.53	-
	Employer's contributions	-	-	-	-
	Benefits paid	(17.84)	-	(21.44)	-
	Actuarial gain/(Loss)	-	-	-	-
	Return on plan Asset excluding interest income	1.83	-	1.51	
	Fair value of Plan Asset at the year end	184.04	-	186.75	-

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

	As at 31st March 2018		As at 31st March 2017	
	Gratuity (Funded)	**Post-Retirement Medical Benefits (Non-Funded)**	**Gratuity (Funded)**	**Post-Retirement Medical Benefits (Non-Funded)**
Present Value of funded defined benefit obligation	317.99	-	179.59	-
Fair value of Plan Asset	184.04	-	186.75	-
Net Liability arising from defined benefit obligation	133.95	-	-	-
Category of Plan Assets				
Insurance Fund	184.04	-	186.75	-
Total	**184.04**	**-**	**186.75**	**-**
Actuarial Assumptions				
Discount Rate(per annum)	7.56%	7.76%	7.12%	7.12%
Expected Rate of Return on Assets (per annum)	7.56%	-	7.12%	-
Salary Escalation/Annual increase in health care cost	8.00%	-	8.00%	-
Rate of Employee Turnover	2.00%	2.00%	2.00%	2.00%
Contribution to defined benefit plan during the next financial year	-	-	-	-
Sensitivity Analysis for Significant Assumptions is as given below				
One percentage point increase in discount rate	(13.62)	(5.15)	(8.54)	(5.17)
One percentage point decrease in discount rate	15.19	4.64	9.59	6.09
One percentage point increase in salary increase	6.06	-	1.70	-
One percentage point decrease in salary increase	(6.57)	-	(1.95)	-
One percentage point increase in employee turnover rate	1.52	-	2.14	-
One percentage point decrease in employee turnover rate	(1.65)	-	(2.33)	-
Maturity Analysis of Projected Benefit Obligation (from the fund)				
1st Following Year	48.69	-	22.14	-
2nd Following Year	37.56	-	18.43	-
3rd Following Year	50.78	-	27.90	-
4th Following Year	43.82	-	25.75	-
5th Following Year	44.88	-	21.56	-
Sum of Years 6 to 10	127.18	-	77.50	-

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Furthermore in presenting the above sensitivity analysis the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

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

60. The position of Hedged Foreign currency exposures are as under:

₹ Crore

Particulars	Hedged Exposure	Cross Currency	As on 31.3.2018	As on 31.3.2017
Foreign Currency exchange contracts	Buyer's credit/Supplier's credit availed for import of raw materials	USD	404.96	280.68
	Long Term Borrowings	USD/EUR	17.74	99.09

Derivative Financial Instruments

The status of derivative financial instruments outstanding is as under:-

₹ in million

Hedging Instrument	Currency	Hedged Exposure	Currency	As on 31.3.2018	As on 31.3.2017
Seagull Options	USD / INR	Buyers / External commercial borrowings	USD	63.82	58.43
Seagull Options	EUR/INR	External Commercial Borrowings	EUR	1.06	-
Full Currency Swap (Principal and Interest)	INR / USD	Rupee Term Loan	USD	-	1.35

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

₹ Crore

Particulars	As on 31.3.2018	As on 31.3.2017
Foreign currency term loans	280.01	95.43
Buyer's credit/Suppliers credit for import of raw materials and others	129.57	5.41
Advances/receivable from suppliers	1.90	0.47

61. Provision made for an amount of ₹ 2.93 crore (P.Y. ₹ 3.83 crore) being the amount due in dispute relating to manufacture of Single Super Phosphate given on job work basis to third party continues. Company has also lodged counter claims on the said party and the matter has been referred to arbitration.

Contingent Assets:

62. In accordance with Modified New Pricing policy scheme (NPS III) effective from 01.04.2014, Company is eligible for increased compensation of fixed cost components for production of urea. As the price concessions relating to urea manufactured by the Company are yet to be notified, no additional compensation towards the same has been reckoned and further impact on account of the same is not quantifiable.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

63. Company is expected to receive ₹ 2.86 crore towards certain plant and machinery including storage tank to be taken over by Mumbai Port Trust (MBPT) ,which is situated on the land taken on lease from them, upon handing over its possession. Since the assets are still in Company's possession with the risk and reward yet to be passed on, the same is not considered as income for the year.

64. Company is in receipt of an arbitration award in its favor for the compensation claimed in respect of surrender of land to Mumbai Metropolitan Regional Development Authority (MMRDA) on 23rd May, 2018. As per the award, Company is eligible for compensation either in the form of cash / TDRs amounting to ₹ 75.17 crore along with interest over and above the entitled compensation as recommended by MMRDA. However MMRDA can appeal against the said award.

65. Exceptional items:

a) Net fair value gain of ₹ 107.94 crore on account of valuation of Development Right Certificate received / receivable from Municipal Corporation of Greater Mumbai towards surrender of land in accordance with IND-AS 38 and Guidance Note on Accounting for Real Estate Transactions issued by Institute of Chartered Accountants of India. Tax expense includes Capital Gains Tax impact on the same.

b) Past service gratuity cost of ₹ 108.06 crore on account of increase in gratuity limits from ₹10 lakh to ₹ 20 lakh in line with Notification dated 29th march, 2018 issued by the Ministry of Labour and Employment.

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

Company during the year has incurred an expenditure of ₹ 7.79 crore (P.Y. ₹ 8.63 crore) towards the same which is reported under Note No. 37 "Other Expenses"& Note 37B "Miscellaneous expenses".

The functional classification of the same is as under:-

₹ Crore

Particulars	**Year ended 31.3.2018**		**Year ended 31.3.2017**	
	Construction / Acquisition of any assets (i)	**On the purpose other than (i)**	**Construction / Acquisition of any assets (i)**	**On the purpose other than (i)**
Water charges	-	0.38	-	1.05
Repairs and Maintenance	-	0.59	-	1.01
Miscellaneous expenses	-	6.82	-	6.57
Total	**-**	**7.79**	**-**	**8.63**

The other disclosures are as under:-

₹ Crore

Particulars	Year ended 31.3.2018	Year ended 31.3.2017
Gross amount required to be spent by the Company during the year	7.73	8.61
Amount spent during the year (on purpose other than construction / acquisition of assets controlled by the company)	7.19	6.50
Amount yet to be paid in cash	0.60	2.13

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

67. Income Tax

Reconciliation of tax expense and the accounting profit as per below:

₹ Crore

Sr. No.	Particulars	Year ended 31.3.2018	Year ended 31.3.2017
1	Accounting profit before tax from continuing operations	128.22	248.77
2	Profit/(loss) before tax from a discontinued operation	-	-
3	Less: Income subject to Capita Gain (TDR)	107.78	-
4	**Accounting profit before income tax (other than above)**	**20.44**	**248.77**
A	**At the effective income tax rate of (31 March 2018: 34.61% and 31 March 2017: 34.61%)**	**7.07**	**86.10**
B1	**Effect of expenses that are not deductible in determining taxable profit**		
	i) Disallowance of CSR expenditure	2.70	2.99
	ii) Perquisite tax paid on behalf of employees	1.27	1.33
	iii) Depreciation disallowances due to difference in base	25.85	6.86
	iv) Section 43B adjustments due to difference in base	6.23	5.61
	v) Others	1.85	0.63
B2	**Effect of income that is exempt from taxation**		
	i) Additional allowances for Tax purpose	-	(7.84)
	ii) Income not considered for Tax purpose	(1.15)	(2.05)
C	**Sub Total (A + B1+ B2)**	**43.83**	**93.63**
D	**Tax on Long term capital gains (on TDR income)**	**24.87**	**-**
E	**Adjustment in respect of current income tax of previous year**	**(19.27)**	**(23.14)**
F	**At the effective income tax rate of % (31 March 2018: 38.55%, 31 March 2017: 28.33%)**	**49.42**	**70.49**

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

68. Deferred Tax

For the Year 2017-18

₹ Crore

	Opening Balance 01.04.2017	Recognized in P&L	Recognized in OCI	Closing Balance 31.03.2018
DEFERRED TAX LIABILITY				
Depreciation	311.64	45.29		356.93
Revaluation of FVTOCI Investments to Fair value	14.87		5.02	19.89
Other timing differences	2.41	(1.64)		0.77
TOTAL	**328.92**	**43.65**	**5.02**	**377.59**
DEFERRED TAX ASSET				
Provision for doubtful debts/claims/advances	3.64	4.99		8.63
Provision for obsolescence of stores	8.51	0.10		8.61
Provision for diminution in value of investments	12.26	0.12		12.37
Expenditure allowable on payment basis	71.31	1.39		72.70
Disallowance to be claimed in future on actual basis	9.82	0.09		9.92
Other timing differences	4.57	41.02		45.59
TOTAL	**110.11**	**47.71**		**157.83**
NET DEFERRED TAX LIABILITY	**218.81**	**(4.06)**	**5.02**	**219.77**

For the Year 2016-17

₹ Crore

	Opening Balance 01.04.2016	Recognized in P&L	Recognized in OCI	Closing Balance 31.03.2017
DEFERRED TAX LIABILITY				
Depreciation	310.97	0.67	-	311.64
Revaluation of FVTOCI Investments to Fair value	14.28	-	0.59	14.87
Other timing differences	2.15	0.26	-	2.41
TOTAL	**327.40**	**0.93**	**0.59**	**328.92**
DEFERRED TAX ASSET				
Provision for doubtful debts/claims/advances	4.53	(0.89)	-	3.64
Provision for obsolescence of stores	6.58	1.92	-	8.51
Provision for diminution in value of investments	12.26	-	-	12.26
Expenditure allowable on payment basis	72.68	(1.36)	-	71.31
Disallowance to be claimed in future on actual basis	9.82	-	-	9.82
Other timing differences	5.26	(0.69)	-	4.58
TOTAL	**111.13**	**(1.02)**	**-**	**110.11**
NET DEFERRED TAX LIABILITY	**216.27**	**1.95**	**0.59**	**218.81**

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

69. Hedging activities and derivatives

Derivatives not designated as hedging instruments

The Company has foreign currency denominated borrowings in the nature of External Commercial borrowings (ECBs), Foreign Currency Term Loan (FCTL) for its long term requirements and Buyers Credit, Suppliers credit for meeting its short term fund requirement. The Company has a hedging policy in place to manage its foreign currency risk relating to these borrowings. The Company uses various products for hedging like Forex Forward Contracts, Forward Rate Agreements, Plain Vanilla Options (call option and put option), Seagull options, Interest Rate Swaps, Currency Swaps including Cross-Currency Swaps etc. The Company undertakes hedging through these products considering the tenor of the underlying instrument and the same are not designated as cash flow hedges.

Status of Foreign currency Swap

Outstanding as on	Currency	Amount (in millions)
31st March 2018	USD	-
31st March 2017	USD	1.35

Currency Swap arrangement converted the principal and coupon amount of its rupee term loan to foreign currency liability in US Dollar (USD) terms.

Under this swap arrangement, Company receives a differential interest amount between the floating rate of interest on the converted foreign currency liability (USD) at the rate of 6m Libor + 2.65% p.a. and fixed interest of 10% on the rupee liability. As regards the principal portion, the differential between the installment amount payable in rupee terms and installment in foreign currency is either received or paid by the Company.

The decrease in fair value of the currency swap of ₹ NIL (P.Y. ₹ 0.40 crore) has been recognized under miscellaneous expenses in the Statement of Profit or loss.

70. Fair values

The management has assessed that its financial assets and liabilities like cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values for the given below financial assets.

- **Unquoted Equity Shares of Indian Potash Limited**

  The fair values of the unquoted equity shares have been estimated using a weighted average of DCF, PE and NAV model. The Company avails the services of professional valuer' s for valuation of the same and the fair values so reported are based on a valuation report received from an investment valuation expert.

- **Derivatives not designated as hedges**

  The Company enters into derivative financial instruments with various banks. Interest rate swaps, foreign exchange forward contracts, derivative instruments are valued using valuation techniques, which employs the use of market observable inputs (i.e. based on inputs/statement of position received from banks). All derivative contracts with banks are unsecured.

- **Investment Properties**

  The value of the investment properties are based on the information and a study of the micro market in discussions with industry experts, local brokers and regional developers.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

Fair values Hierarchy	31.03.2018		31.03.2017	
	Significant observable inputs	Significant unobservable inputs	Significant observable inputs	Significant unobservable inputs
	Level 2	Level 3	Level 2	Level 3
Financial Assets				
Investment in Unquoted Equity Shares of Indian Potash Ltd.	-	57.38	-	44.88
Derivative Instruments not Designated as Hedges	2.33	-	0.00 (₹ 5050)	-
Assets held for disposal				
TDRs recognized at fair market value	107.94	-	-	-
Financial Liability				
Derivative Instruments not Designated as Hedges	-	-	5.38	-
Assets for which Fair values are disclosed	-	-	-	-
Investment Properties	691.14	-	653.10	-

71. Financial risk Management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise of loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support operations of its subsidiaries/joint ventures, if any.

The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTOCI investments and enters into derivative transactions.

The Company is exposed to market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's polices approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, use of financial hedging instruments.

The Company's management oversees these risks with the support of a Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Management Committee provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

All derivative activities for risk management purposes are carried out by designated officers who have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. These risks are summarized below:

- **Interest Rate Risk:**

  Interest Rate Risk Management:

  Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risks because the Company borrows funds at both fixed and floating interest rates.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align interest rate views and defined risk appetite, ensuring the most cost-effective hedging structures are applied and accordingly the Company enters into interest rate swaps.

Interest Rate Sensitivity Analysis:

The sensitivity analysis has been determined based on the exposure to interest rate risk on the borrowings outstanding as at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year with a 50 basis point increase or decrease. The detailed sensitivity analysis is given below:

₹ Crore

Loans with floating interest rate	Balance as on 31.3.2018	Current interest rate as on 31.3.2018	Change	Impact on Profit and Loss Account (+Profit / -Loss)
Rupee Term Loan - Kotak	100.00	8.59%	0.50%	(0.50)
			-0.50%	0.50
ECB- SBI	204.23	1.05%	0.50%	(1.02)
			-0.50%	1.02
FCTL – Kotak	45.48	4.53%	0.50%	(0.23)
			-0.50%	0.23
Total floating rate loans	349.71			(1.75)
				1.75

₹ Crore

Loans with floating interest rate	Balance as on 31.3.2017	Current interest rate as on 31.3.2017	Change	Impact on Profit and Loss Account (+Profit / -Loss)
Rupee Term Loan - Kotak	4.17	9.30%	0.50%	(0.02)
			-0.50%	0.02
FCTL – Kotak	71.26	4.07%	0.50%	(0.36)
			-0.50%	0.36
Total floating rate loans	75.42			(0.38)
				0.38

Credit Risk:

Credit Risk Management:

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigation the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse geographical areas for its fertilizers segment and across geographical areas and industries in respect of its chemicals segment. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

The credit risk on liquid funds is limited because the counterparties are primarily Public Sector mutual funds and further the Company invests only in 100% debt oriented schemes of such funds. As regards derivative financial instruments the same is also limited because the counterparties are banks whose operations are regulated by the Reserve Bank of India.

In addition, the Company is exposed to credit risk in relation to financial guarantees given to the banks provided by the Company. Owing to one time settlements entered during the year with the lenders to whom such financial guarantees have been provided, the expected outgo on account of the same stands at ₹ 19.50 Crore as at March 31, 2018 (as at March 31, 2017, ₹ 35.47 Crores).

- **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The Company's activities exposes it's primarily to the financial risk of changes in foreign currency risk and interest rates risk.

- **Liquidity risk**

Liquidity risk management

Liquidity risk management refers to the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

₹ Crore

Company's Financial Liabilities	As at 31.03.2018				>5 Years	Total
	Demand	<3 Months	3-12 Months	1-5 years		
Borrowings	3.98	751.78	255.19	286.24	33.82	1331.01
Trade Payables & Creditors on Capital Ac	225.39	461.92	10.09	211.79	0.00	909.19
Other Financial Liabilities	313.97	5.32	37.19	22.31	12.40	391.19
TOTAL	**679.34**	**1083.02**	**302.47**	**520.34**	**46.22**	**2631.39**
	As at 31.03.2017					
Borrowings	7.14	1623.34	24.56	113.84	-	1768.88
Trade Payables & Creditors on Capital Ac	284.94	341.91	7.48	210.63	-	844.96
Other Financial Liabilities	182.48	10.64	41.70	7.75	9.05	251.62
TOTAL	**474.56**	**1975.89**	**73.74**	**332.22**	**9.05**	**2865.47**

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

- **Foreign Currency Risk:**

The Company undertakes transactions denominated in foreign currencies, consequently, exposure to exchange rate fluctuations arise. The Company has a Board approved Hedging Policy in place entailing parameters for hedging its foreign currency exposures completely before their maturities. The Company manages its exchange rate exposures within the approved parameters of the hedging policy through various derivative instruments such as options, swaps etc.

Foreign Currency Sensitivity Analysis:

The Company is mainly exposed to the currency USD and EUR. The following table details the Company's sensitivity to a 5% increase and decrease in the INR as against the USD/EUR. The sensitivity analysis includes only outstanding foreign currency denominated monetary items i.e. loans in foreign currency and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number indicates an increase in profit or equity where the INR strengthens 5% against USD/EUR. For a 5% weakening of INR as against USD/EUR, there would be a comparable impact on the profit or equity, and the number would be negative.

₹ Crore

FC exposures	Currency	Balance as on 31.3.2018	Exchange rate as on 31.3.2018	Change	Change per USD/ EUR	Impact on Profit and Loss Account (+Profit / -Loss)
		Million	₹ / Foreign Currency	%	₹ / Foreign Currency	₹ Cr.
Buyers credit & Foreign Currency Long term Loans	USD	93.09	65.0240	5%	3.25	(30.27)
		93.09	65.0240	-5%	-3.25	30.27
Foreign Currency Long term Loans	EUR	25.50	80.0901	5%	4.00	(10.21)
		25.50	80.0901	-5%	-4.00	10.21

₹ Crore

Foreign Currency Exposures	Balance as on 31.3.2017	Exchange rate as on 31.3.2017	Change	Change per USD	Impact on Profit and Loss Account (+Profit / -Loss)
	USD Million	₹ / USD	%	₹ / USD	₹ Cr.
Buyers credit & Foreign Currency Long term Loans	73.53	64.8386	5%	3.24	(23.84)
			-5%	(3.24)	23.84

72. Capital Management

For the purpose of the Company's Capital management, capital includes equity capital and all other reserves. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company, for its capex requirement, borrows to the extent of 70% of the requirement and the remaining 30% shall be sourced from the internal accruals. Further, the Company, being a Public sector undertaking, is governed by the guidelines of the Department of Investment & Public Asset Management (DIPAM), which specifies the minimum percentage of dividend that can be declared. Accordingly, the Company has to

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

manage its capex in such a way that the minimum dividend payout as stipulated is met. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

Gearing Ratio:

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that its meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in financial covenants of any interest-bearing loans and borrowings in the currency period.

No changes have been made in the objectives, policies and processes for managing capital during the years ended 31st March 2018 & 31st March 2017.

₹ Crore

Particulars	31.03.2018	31.03.2017
Borrowings (Current + Non-Current)	1331.01	1768.88
Trade Payables	909.19	844.96
Total Debt (A)	2240.2	2613.84
Total Capital (B)	2929.69	2925.02
Total Capital and Net Debt (C)	5169.89	5538.86
Gearing Ratio (A/C*100)	43.33	47.19

73. Standards Issued but not yet effective

The standard issued, but not yet effective up to the date of issuance of the company financial statement is disclosed below. The Company intends to adopt the standard when it becomes effective.

IND AS 115 Revenue from Contracts with Customers

IND AS 115 was issued in February 2015 and establishes a five step model to account for revenue arising from contracts with customers. Under IND AS 115 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer. The new revenue standard will supersede the current revenue recognition requirements under IND AS. The standard comes into force from accounting period commencing on or after 1st April, 2018. The Company will adopt the new standard on the required effective date. The Company has analyzed all the existing contracts with customers in respect of applicability of IND-AS 115 and is of the view that no material impact on the financial statements of the Company is expected upon implementation of IND-AS 115.

74. The standalone financial statements were authorized for issue in accordance with a resolution passed by the Board of Directors on 28th May 2018.

75. The financial statements as approved by the Board of Directors are subject to audit by Comptroller and Auditor General of India and final approval by its Shareholders.

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

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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

(Umesh V. Dhatrak)
Chairman & Managing Director
DIN : 07718394

(Umesh Dongre)
Director (Finance)
DIN : 08039073

(J. B. Sharma)
Company Secretary
Membership No: FCS5030

Dated : 28th May, 2018
Place: Mumbai

As per our report of even date attached

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
Firm Regn. No.104607W / W100166

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

For **Chhajed & Doshi**
Chartered Accountants
Firm Regn. No. 101794W

(Nitesh Jain)
Partner
Membership No: 136169

Dated : 28th May, 2018
Place: Mumbai

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Annexure-1

STANDALONE SEGMENTWISE REVENUE AND RESULTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

Sr. No.	Particulars	Fertilizers	Trading	Industrial Chemicals	Unallocated	Total
	SEGMENT REVENUE					
i.	Sales (Incl. Subsidy wherever applicable)	6238.92	272.76	783.72	-	7295.40
ii.	Other operating Income	4.87	0.27	0.83	17.26	23.23
	Total Revenue	**6243.79**	**273.03**	**784.55**	**17.26**	**7318.63**
	SEGMENT RESULT					
i.	Segment Results	143.90	32.96	26.95	(21.78)	182.03
ii.	Interest Expense	-	-	-	-	62.59
iii.	Interest Income	-	-	-	-	8.78
iv.	**Profit before Tax**					**128.22**
v.	Tax - Current	-	-	-	-	72.75
vi.	Deferred Tax Liability / (Asset)	-	-	-	-	(4.06)
vii	Tax adjustments of earlier years excess / (short)	-	-	-	-	(19.27)
viii.	**Net Profit**					**78.80**
	OTHER INFORMATION					
i.	Segment Assets	5701.61	118.53	249.41	350.99	6420.54
ii.	Segment Liabilities	1811.28	0.25	50.58	1628.74	3490.85
	Other Disclosures					
iii.	Capital Expenditure	505.30	-	2.84	0.79	508.93
iv.	Depreciation and Amortisation	94.78	-	38.89	4.65	138.32
v.	Impairment	(1.08)	-	-	-	(1.08)
vi.	Other Non Cash Expenses	3.28	-	0.01	15.96	19.25

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

STANDALONE SEGMENTWISE REVENUE AND RESULTS FOR THE YEAR ENDED 31ST MARCH 2017

₹ Crore

Sr. No.	Particulars	Fertilizers	Trading	Industrial Chemicals	Unallocated	Total
	SEGMENT REVENUE					
i.	Sales (Incl. Subsidy wherever applicable)	6034.11	324.37	841.54	-	7200.02
ii.	Other operating Income	4.23	0.98	0.96	17.97	24.14
	Total Revenue	6038.34	325.35	842.50	17.97	7224.16
	SEGMENT RESULT					
i.	Segment Results	257.89	10.58	80.42	(11.65)	337.24
ii.	Interest Expense					93.98
iii.	Interest Income					5.47
iv.	**Profit before Tax**					**248.73**
v.	Tax - Current					90.67
vi.	Deferred Tax Liability / (Asset)					1.94
vii	Excess Provision of Tax written Back					(23.14)
viii.	Net Profit					179.26
	OTHER INFORMATION					
i.	Segment Assets	5841.28	143.95	233.48	317.07	6535.78
ii.	Segment Liabilities	1473.09	9.28	52.77	2075.62	3610.76
	Other Disclosures					
iii.	Capital Expenditure	163.00	-	4.68	2.23	169.91
iv.	Depreciation	103.48	-	31.64	6.17	141.29
v.	Impairment	(9.19)	-	9.19	-	-
vi.	Other Non Cash Expenses	7.22	-	0.45	0.24	7.91

*Finance income and costs, and Corporate expenses are not allocated to individual segments as the same are managed on a group basis.

*Current taxes, deferred taxes and write back of excess tax provisions are also not allocated to those segments as they are also managed on a group basis.

*Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018
RECONCILIATIONS TO AMOUNTS REFLECTED IN FINANCIAL STATEMENTS

₹ Crore

Sr. No.	PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017
I	**OPERATING REVENUE**		
	Segment Revenue		
	India	7301.37	7205.8
	Outside India	-	0.39
	Segment Revenue	**7301.37**	**7206.19**
	Unallocated - Management fees	17.27	17.96
	Total Operating Revenue	**7318.64**	**7224.15**
II	**RECONCILIATION OF PROFITS**		
	Segment Profit	203.81	348.89
	Add: Interest Income	8.78	5.47
		212.59	354.36
	less: Finance Costs	62.59	93.98
	Corporate Expenses (net)	21.78	11.65
	Profit Before Tax	**128.22**	**248.73**
III	**RECONCILIATION OF ASSETS**		
	Segment Assets	**6069.55**	**6218.71**
	Investments	62.40	44.90
	Corprate Assets + CWIP	23.13	29.22
	Non Current Tax Asset	79.44	79.12
	Derivatives not designtaed as hedges (MTM Gain Receivable)	2.33	-
	Cash & Bank balances	0.72	0.75
	Other assets	182.97	163.08
	Total Assets	**6420.54**	**6535.78**
IV	**RECONCILIATION OF LIABILITIES**		
	Segment Liabilities	**1,862.11**	**1,535.14**
	Borrowings long term	320.06	113.84
	Current maturities of long term Loans	76.36	109.50
	Borrowings Short term	932.44	1,541.26
	Deferred Tax Liabilities	219.77	218.81
	Current Tax Liability	36.02	16.15
	Corporate Guarantees given	19.50	35.47
	Derivatives not designtaed as hedges (MTM Loss Payable)	-	5.38
	Other current financial liabilities	14.96	25.32
	Other non current financial liabilities	0.05	0.16
	Corporate Provisions	2.77	3.03
	Other Liabilities	6.81	6.70
		3490.85	**3610.76**

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED.

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED** (hereinafter referred to as "the Company") and its jointly controlled entities comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including Other Comprehensive Income), consolidated cash flows and changes in equity of the Company and its jointly Controlled entities in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The respective Board of Directors of the Company and its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters Para below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the consolidated state of affairs (financial position) of the Company and its jointly controlled entities as at March 31, 2018, and the consolidated profit (financial performance including other comprehensive income), their consolidated cash flows and changes in equity for the year ended on that date.

Emphasis of Matters

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

a) **Note No. 47 (b):** The matter relating to the issue of unintended benefits accruing to units using domestic gas for manufacture of nutrient "N" has been referred and is pending before an Inter-Ministerial Committee (IMC) of Government of India (GoI). An amount of ₹ 198.94 crore has been withheld by Department of Fertilizers (DOF) for the period January, 2014 to September, 2015 towards the same. DoF has recently agreed to release the amount withheld against submission of bank guarantee, which has since been submitted. Pending final decision on the said matter and since the Company is of the view that no unintended benefits have accrued to it and is expecting full recoverability of the same, Company has continued to recognize subsidy income on P&K fertilizers at the rates notified by DoF.

b) **Note No. 48:** Consequent to Gas pooling being made applicable to Fertilizer (Urea) sector w.e.f. 1st June, 2015, it is expected that a differential pricing of gas may be made applicable for non-urea usage. Company has represented to DoF for maintaining supply of domestic gas for P&K fertilizers and chemicals. Further effective from 16th May, 2016 the Company has entered into a contract for procurement of market priced gas for non-urea operations at Trombay unit.

In the interim, Ministry of Petroleum & Natural Gas (MoPNG) vide its order No. L-13013/3/2012-GP-I, dated: 16th December, 2015 has directed GAIL (India) Limited to levy a higher gas price (i.e. the highest rate of RLNG used for production of urea) for gas consumed in non-urea operations. As the matter relating to the same is pending before the IMC for decision, Company has represented that any decision on the same be taken only upon the issue being settled by the IMC of GoI.

Pursuant to the said order, GAIL has sought a differential levy amounting to ₹ 1442.84 crore for the period commencing from 1st July 2006 till 31st March 2017 and has initiated arbitration proceeding towards non-payment of the same, which has been currently referred to Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD).

Company has also represented this matter to Department of Fertilizers for dispute resolution as the matter relating to the same is pending before the IMC of GoI.

However, pending finalization of price payable as per the MoPNG order, a liability of ₹ 211.79 crore as on 31st March, 2018 (₹ 210.63 crore upto 31st March, 2017) has been recognized for the period commencing from 1st June, 2015 based on the difference between the domestic gas price and pooled / market price of gas for its non-urea operations as applicable.

c) **Note No. 65 (a):** Net fair value gain of ₹ 107.94 crore on account of valuation of Development Right Certificate received / receivable from Municipal Corporation of Greater Mumbai towards surrender of land in accordance with IND-AS 38 and Guidance Note on Accounting for Real Estate Transactions issued by Institute of Chartered Accountants of India. Tax expense includes the Capital Gains Tax impact on the same.

d) **Note No. 65 (b):** Past service gratuity cost of ₹ 108.06 crore on account of increase in gratuity limits from ₹ 10 lakh to ₹ 20 lakh in line with Notification dated 29th March, 2018 issued by the Ministry of Labour and Employment.

Our report is not modified in respect of these matters.

Other Matters

a) The consolidated Ind AS financial statements also include the Group's share of net loss of ₹ Nil for the year ended March 31, 2018, as considered in the consolidated Ind AS financial statements, in respect of one jointly controlled entity, namely Urvarak Videsh Limited, whose financial statements / financial information have not been audited by us. This Ind AS financial statement has been audited by other auditor whose report has been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far as it related to the amounts and disclosures included in respect of this jointly controlled entity is based solely on the report of the other auditor.

b) The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ 0.02 Crore for the year ended March 31, 2018, as considered in the consolidated Ind AS financial statements, in respect of two jointly controlled entities, namely FACT RCF Building Products Limited and Talcher Fertilizers Limited (Formerly Known as Rashtriya Coal Gas Fertilizers Limited), whose Ind AS financial statements / financial information have not been audited by us. These Ind AS financial statements for the year ended March 31, 2017 and March 31, 2018 are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it related to the amounts and disclosures included in respect of these jointly controlled entities is based solely on such unaudited Ind AS financial statements. In our opinion and according to the information and explanations given to us by the Management, these Ind AS financial statements are not material to the Company.

Our Opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of (a) and (b) above with respect to our reliance on the work done and the report of the other auditor and Ind AS financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (5) of the Act, we give in **"Annexure A"** the directions and sub-directions issued by the Comptroller and Auditors General of India, the action taken thereon and its impact on the accounts and financial statement of the Company.

2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and report of one Joint venture entity audited by the other auditor.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 and taken on record by the Board of Directors of the Company and the reports of the statutory auditor of its jointly controlled entity incorporated in India, none of the directors of the Company and its jointly controlled entities incorporated in India is disqualified as on March 31, 2018 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 Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Company and its jointly controlled entities – Refer 41 to the consolidated Ind AS financial statements.

      ii. Provision has been made in the consolidated Ind AS 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 KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Regn. No. 104607W / W100166

Sai Venkata Ramana Damarla
Partner
Membership. No. 107017

For CHHAJED & DOSHI
Chartered Accountants
Firm Regn. No 101794W

Nitesh Jain
Partner
Membership. No. 136169

Place: Mumbai
Dated: May 28, 2018

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 March 31, 2018.

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 Talcher Fertilizers Limited (formerly known as Rashtriya Coal Gas Fertilizers Limited) has been included in the consolidated Ind AS financial statements based on unaudited financial statements as certified by the management of the Company and hence no report under the sub section (5) of Section 143 of the Act is available and the same has not been considered in our report.

A. Directions

1. Whether Company has clear title / lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available.

Based on the audit procedures performed by us and as per the information and explanations given to us, the details of freehold land and title deeds available/not available with the company are as under:-

A) Information of Freehold Land

i. TROMBAY

Location	Particulars	Total Area (in Sq. Mt.)	Area in the name of RCF (in Sq. Mt.)	Remarks
RCF Trombay	Freehold Land	30,89,013	27,10,692	The Company does not have clear titles for free hold land at Trombay measuring 3,78,321 sq. Mtr. 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	81-26.21 hectares	Balance 1-97.50 Hectares of land, is not in name of RCF. 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	322-75.73 Hectares	The company does not have clear titles for free hold land at Thal measuring 18,24, 903 sq. Mtr. As informed to us, matter is being taken up with concerned authorities for reconciliation of area.

* The matter is being taken up with the concerned authorities for reconciliation of area.

iii. **MARKETING /AREA OFFICES / CORPORATE**

Location	Particulars	Area (in Sq. feet/ Sq meter/ Acre	Whether company has clear title deed to the land
AHMEDNAGAR Survey No.20,II Lines, Karachi wala Nagar, Near Mahesh Talkies Ahmednagar, Maharashtra- 414001.	Freehold Land	840 Sq meters	YES
LUCKNOW TC/10 V, Vibutikhand Gomtinagar, Lucknow, U.P.	Freehold Land	1000 Sq meters	YES
DELHI OFFICE H-9 Green Park Extension New Delhi -110016	Freehold Land	387.06 Sq meters	YES

B) Information on Leasehold land

The leased deeds and other details of leased hold land are separately available with the Company. As regards disclosure of the same in the books of accounts / financial statements of the Company under IND-AS, the carrying value of the same amounts to ₹ 2.76 Crore, which has been reported as leased premium prepaid under Note no. 8 & Note no.15 to the consolidated Ind AS financial statements.

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 ₹ 0.50 crore has been written off towards bad debts. This is in line with the Company's accounting policy on provision for bad and doubtful debts and write off of the same.

3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities

Based on the audit procedures performed by us and as per the information and explanations given to us, proper records are maintained for inventories lying with third parties and are confirmed on the basis of warehousing certificates and confirmations.

Based on the records examined by us, during the year, the Company has not received any assets as gift from Government or other authorities.

B. Sub Directions

1. State the area of land under encroachment and briefly explain the steps taken by the Company to remove encroachments.

To the best of our knowledge and belief and according to the information and explanations given to us, instances of encroachment of land have been observed at Trombay unit which are as under:-

i. Approx. 5 acres of land which is in the name of RCF has been encroached since the time of FCI. The value of the land cannot be determined exactly. RCF has approached the agencies like MMRDA for development of this land.

ii. Approx. 15 Acres is under slum/encroached since 1980.Slums from other pockets were shifted on this land and is without clear title in favour of RCF. The matter is taken up with appropriate authorities for obtaining clear title in favour of RCF.

Both the matters are pending in Mumbai High Court for resolution. As explained to us, other than the above there are no cases of encroachment of land at other locations.

2. (i) Whether subsidy received/recoverable from Government of India has been properly accounted for as per claims admitted.

Based on the audit procedures performed by us and as per the information and explanations given to us, subsidy received/ recoverable from Government of India has been properly accounted for as per claims admitted. In addition to the same, for the rates yet to be notified due to escalations/ de-escalations in the cost of inputs and other costs, subsidy has been accounted on estimated basis which is in line with its stated accounting policy of revenue recognition given in notes to the consolidated financial statements for the year 2017-2018.

(ii) Whether subsidy received during the year has been reconciled with subsidy disbursed by the Government of India.

Subsidy received during the year amounting to ₹ 3879.22 crore is in agreement with the amount disbursed by the Government of India.

3. Whether the Transferable Development Rights (TDR) from Maharashtra Government properly valued and accounted for during 2017-18

Company has received Development Right Certificate (TDR Credit) on 01.11.2017 from MCGM for 16530 Sq. Mtrs which was initially recognized at Fair Value for of ₹ 63.04 crores.

In accordance with Development Control Regulation of Greater Mumbai, 1991, Company has also recognized additional TDR credit, being 20% bonus on the unencumbered land surrendered amounting to ₹ 6.30 crore as recommended by MMRDA.

For remaining 40,585 sq. mtrs of encumbered land, the Company has recognised additional TDR credit receivable amounting to ₹ 38.60 Crores in accordance with Regulation 34 of Development Control Regulation of Greater Mumbai, 1991 as recommended by MMRDA.

Particulars	Area (Sq. Mtr.)	TDR Rate	TDR Received (Sq. Mtr.)	TDR Accrued (Sq. Mtr.)	TDR Values ₹ Crore
Unencumbered Land	8,265	2 times +20% Bonus	16,530	1,653	69.34
Encumbered Land	40,585	0.25 times		10,146	38.60
	48,850		**16,530**	**11,799**	**107.94**

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Regn. No. 104607W / W100166

Sai Venkata Ramana Damarla
Partner
Membership. No. 107017

For CHHAJED & DOSHI
Chartered Accountants
Firm Regn. No 101794W

Nitesh Jain
Partner
Membership. No. 136169

Place: Mumbai
Dated: May 28, 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para 3 (f) of 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the consolidated Ind AS financial statements for the year ended March 31, 2018.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statement of the Company as of and for the year ended March 31, 2018, 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 Directors 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, 2018, 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 Talcher Fertilizers Limited, which are companies incorporated in India, has not been considered for reporting in the absence of such corresponding report as the respective jointly controlled entities have not been audited till the date of issuing our report.

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Regn. No. 104607W / W100166

Sai Venkata Ramana Damarla
Partner
Membership. No. 107017

Place: Mumbai
Dated: May 28, 2018

For CHHAJED & DOSHI
Chartered Accountants
Firm Regn. No 101794W

Nitesh Jain
Partner
Membership. No. 136169

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RASHTRIYA CHEMICALS AND FERTILZERS LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2018

The preparation of Consolidated Financial Statements of Rashtriya Chemicals and Fertilizers Limited, Mumbai for the year ended 31 March 2018 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 28 May 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit under Section 143 (6) (a) read with section 129(4) of the Act of the Consolidated Financial Statements of Rashtriya Chemicals and Fertilizers Limited, Mumbai for the year ended 31 March 2018. We conducted a Supplementary Audit of the Financial Statements of Rashtriya Chemicals and Fertilizers Limited, Urvarak Videsh Limited and Talcher Fertilizers Limited but did not conduct Supplementary Audit of the Financial Statements of FACT-RCF Building Products Limited for the year ended on that date. This supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report.

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

(Roop Rashi)
Principal Director of Commercial Audit and
Ex-officio Member, Audit Board-I, Mumbai

Place: Mumbai
Date: 6 August 2018

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2018

₹ Crore

PARTICULARS	Note No.	AS AT 31.03.2018	AS AT 31.03.2017
ASSETS			
1. NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	1	1903.49	1538.24
(b) Capital Work in Progress	1.4	152.36	107.24
(c) Investment Property	2	5.10	5.25
(d) Intangible Assets	3	1.41	3.35
(e) Financial Assets			
(i) Investments			
Investment in Joint Ventures	4	5.06	0.04
Other Investments	4	57.38	44.88
(ii) Trade Receivables	5	-	-
(iii) Loans	6	0.41	0.60
(iv) Others	7	0.34	0.96
(f) Other non-current assets	8	326.62	334.24
		2452.17	**2034.80**
2. CURRENT ASSETS			
(a) Inventories	9	741.65	793.30
(b) Financial Assets			
(i) Trade Receivables	10	2955.41	3641.72
(ii) Cash and Cash Equivalents	11	5.24	10.31
(iii) Bank balances other than (ii) above	12	0.71	2.70
(iv) Loans	13	6.86	1.32
(v) Others	14	81.21	17.52
(c) Other Current Assets	15	177.33	34.13
		3968.41	**4501.00**
TOTAL ASSETS		**6420.58**	**6535.80**
EQUITY AND LIABILITIES			
A. EQUITY			
(a) Equity Share Capital	16	551.69	551.69
(b) Other Equity	17	2378.04	2373.35
		2929.73	**2925.04**
B. LIABILITIES			
1. NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	18	320.06	113.84
(ii) Trade Payables	19	211.79	210.63
(iii) Other Financial Liabilities	20	34.71	16.40
(b) Provisions	21	253.78	141.61
(c) Deferred Tax Liabilities(Net)	22	219.77	218.81
(d) Other non-current liabilities	23	26.38	15.85
		1066.49	**717.14**

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2018

₹ Crore

PARTICULARS	Note No.	AS AT 31.03.2018	AS AT 31.03.2017
2. CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	24	934.59	1545.54
(ii) Trade Payables	25	697.40	634.33
(iii) Other Financial Liabilities	26	432.84	347.77
(b) Other Current Liabilities	23	185.71	217.32
(c) Provisions	27	137.80	132.51
(d) Current Tax Liabilities (Net)	28	36.02	16.15
		2424.36	**2893.62**
TOTAL EQUITY AND LIABILITIES		**6420.58**	**6535.80**
Statement of Significant Accounting Policies	A		
Explanatory Information on Financial Statements	40 - 59		

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

(Umesh V. Dhatrak)
Chairman & Managing Director
DIN : 07718394

(Umesh Dongre)
Director (Finance)
DIN : 08039073

(J. B. Sharma)
Company Secretary
Membership No: FCS5030

Dated : 28th May, 2018
Place: Mumbai

As per our report of even date attached

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
Firm Regn. No.104607W / W100166

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

For **Chhajed & Doshi**
Chartered Accountants
Firm Regn. No. 101794W

(Nitesh Jain)
Partner
Membership No: 136169

Dated : 28th May, 2018
Place: Mumbai

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

	PARTICULARS	Note No.	Year Ended 31.03.2018	Year Ended 31.03.2017
I	Revenue from Operations	29	7318.63	7224.16
II	Other Income	30	61.24	66.99
III	**Total Income(I+II)**		**7379.87**	**7291.15**
IV	**Expenses:**			
	Cost of Materials Consumed	31	2995.89	2825.50
	Purchases of Stock in Trade	32	213.66	225.68
	Changes in Inventories of Finished Goods and Stock in Trade	33	14.64	146.93
	Employee benefits expense	34	573.75	503.64
	Finance costs	35	62.59	93.98
	Depreciation and amortization expense / Impairment	36	137.04	141.10
	Other Expenses	37	3253.96	3105.59
	Total Expenses		**7251.53**	**7042.42**
V	**Profit before Share of Associates / JV's and exceptional items (III-IV)**		**128.34**	**248.73**
VI	**Share of Profit / (Loss) of Associates / JV's**		**0.02**	**(0.01)**
VII	**Profit before exceptional items (V+VI)**		**128.36**	**248.72**
VIII	Exceptional Items	38	0.12	-
IX	**Profit before tax (VII-VIII)**		**128.24**	**248.72**
X	**Tax Expense**			
	(1) Current tax		72.75	90.67
	(2) Deferred tax		(4.06)	1.94
	(3) Taxation adjustment of earlier years Excess(-)/Short(+)		(19.27)	(23.14)
XI	**Profit for the year (IX-X)**		**78.82**	**179.25**
XII	**Other Comprehensive Income**	39		
	(i) Items that will not be reclassified to profit or loss		(0.61)	2.99
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.48)	(1.02)
	Other Comprehensive Income for the year (XII)		(1.09)	1.97
XIII	**Total Comprehensive Income for the year (XI+XII)**		**77.73**	**181.22**
XIV	Earnings per equity share			
	Basic and Diluted Earnings per share (in ₹)	54	1.43	3.25
	Statement of Significant Accounting Policies	A		
	Explanatory Information on Financial Statements	40 - 59		

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

(Umesh V. Dhatrak)
Chairman & Managing Director
DIN : 07718394

(Umesh Dongre)
Director (Finance)
DIN : 08039073

(J. B. Sharma)
Company Secretary
Membership No: FCS5030

Dated : 28th May, 2018
Place: Mumbai

As per our report of even date attached

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
Firm Regn. No.104607W / W100166

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

For **Chhajed & Doshi**
Chartered Accountants
Firm Regn. No. 101794W

(Nitesh Jain)
Partner
Membership No: 136169

Dated : 28th May, 2018
Place: Mumbai

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

	PARTICULARS	Year Ended 31.03.2018		Year Ended 31.03.2017	
A	**Cash Flow From Operating Activities**				
	Net Profit before tax		128.24		248.72
	Adjustments for :				
	Depreciation/Loss on impairment of Assets	137.24		141.29	
	Profit(-) / Loss on sale of Assets	(2.06)		0.91	
	Changes in value of investements	(0.02)		0.01	
	Interest Income	(8.78)		(5.47)	
	Dividend Income	(0.27)		(0.19)	
	Interest and Finance Charges	62.59		93.98	
	Provision for Bad/Doubtful debts	17.01		2.35	
	Unrealised Foreign Exchange (Gain) /Loss	14.01		8.74	
			219.72		241.62
	Operating Profit before Working Capital Changes		347.96		490.34
	Adjustments for :				
	Trade and Other Receivables	420.74		806.94	
	Inventories	51.65		361.62	
	Trade Payables and Other Liabilities	274.43		8.00	
			746.82		1176.56
	Cash Generated from Operations		1094.78		1666.90
	Direct Taxes Paid		(16.66)		(71.50)
	Net Cash from Operating Activities ------ A		**1078.12**		1595.40
B	**Cash Flow from Investing Activities**				
	Additions to Fixed Assets (Net of trade credit)	(500.90)		(187.91)	
	Sale of Fixed Assets	7.21		1.95	
	Purchase of Investments -Joint Ventures and Subsidiary	(5.00)		-	
	Inter Corporate Advances	(6.00)		-	
	Interest Received	8.75		5.49	
	Dividend Received	0.27		0.19	
			(495.67)		(180.28)
	Net Cash from Investing Activities ----- B		**(495.67)**		**(180.28)**
C	**Cash Flow from Financing Activities**				
	Net Proceeds /Repayment of Working capital facilities and short term loans	(626.45)		(1061.69)	
	Proceeds from Term loans	296.22		68.38	
	Repayments of Term loans	(123.14)		(238.84)	
	Interest paid	(61.16)		(101.00)	
	Dividend paid (including Dividend Distribution tax)	(72.99)		(73.02)	
			(587.52)		(1406.17)
	Net Cash from Financing Activities ----- C		**(587.52)**		**(1406.17)**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017
Net Increase/Decrease(-) in Cash and Cash Equivalent (A+B+C)	(5.07)	8.95
Cash and Cash Equivalents as at 1st April (Opening Balance)	10.31	1.36
Cash and Cash Equivalents as at 31st March (Closing Balance)	5.24	10.31
Components of Cash and Cash Equivalents		
Cash on hand	0.01	0.02
Cheques in hand	-	0.07
Balance With Scheduled Banks		
in Current and Cash Credit Accounts	5.23	10.18
in Term Deposits with less than 3 months maturity	-	0.04
	5.24	10.31

Note:

1. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7 on Cash Flow Statement and presents cash flows by operating , investing and financing activities.
2. Figures in the Bracket are outflows / deductions.
3. Figures of the previous year have been regrouped / rearranged wherever necessary to make it comparable to the current year presentation.
4. The cash credit facilities availed from bank are part of financing activity which do not form part of cash and cash equivalents for Cash Flow Statement purpose.

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

(Umesh V. Dhatrak)
Chairman & Managing Director
DIN : 07718394

(Umesh Dongre)
Director (Finance)
DIN : 08039073

(J. B. Sharma)
Company Secretary
Membership No: FCS5030

Dated : 28th May, 2018
Place: Mumbai

As per our report of even date attached

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
Firm Regn. No.104607W / W100166

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

For **Chhajed & Doshi**
Chartered Accountants
Firm Regn. No. 101794W

(Nitesh Jain)
Partner
Membership No: 136169

Dated : 28th May, 2018
Place: Mumbai

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018

A. EQUITY SHARE CAPITAL

₹ Crore

Balance as at 01.04.2018	Changes in equity share capital during the year	Balance as at 31.03.2017	Balance as at 01.04.2016	Changes in equity share capital during the year	Balance as at 31.03.2017
551.69	-	551.69	551.69	-	551.69

B. OTHER EQUITY

FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

	Reserve & Surplus		Items of other Comprehensive Income	Total
	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	
Balance as at 01.04.2017	**2343.51**	**-**	**29.84**	**2373.35**
Profit for the year	-	78.82	-	78.82
Other Comprehensive Income (Net of Tax)	-	(8.57)	7.48	(1.09)
Total Comprehensive Income for the year	**-**	**70.25**	**7.48**	**77.73**
Dividend paid (Including Dividend Distribution Tax) Refer note no. 18	-	(73.04)	-	(73.04)
Transfer from General Reserve	(2.79)	2.79	-	-
Balance at the end of the reporting period	**2340.72**	**-**	**37.32**	**2378.04**

FOR THE YEAR ENDED 31ST MARCH 2017

₹ Crore

	Reserve & Surplus		Items of other Comprehensive Income	Total
	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	
Balance as at 01.04.2016	**2236.51**	**-**	**28.66**	**2265.17**
Profit for the year	-	179.25	-	179.25
Other Comprehensive Income (Net of Tax)	-	0.79	1.18	1.97
Total Comprehensive Income for the year	-	180.04	1.18	181.22
Dividend paid (Including Dividend Distribution Tax) Refer note no. 18	-	(73.04)	-	(73.04)
Transfer to General Reserve	107.00	(107.00)	-	-
Balance at the end of the reporting period	**2343.51**	**-**	**29.84**	**2373.35**

* The closing balance in General Reserve is arrived after adjustment of Remeasurement of Defined Benefit Plans ammounting to (₹ 8.57) crore (P.Y. ₹ 0.79 crore) during the year net of current tax amounting to (₹ 4.54) crore (P.Y. ₹ 0.43 crore)

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

(Umesh V. Dhatrak)
Chairman & Managing Director
DIN : 07718394

(Umesh Dongre)
Director (Finance)
DIN : 08039073

(J. B. Sharma)
Company Secretary
Membership No: FCS5030
Dated : 28th May, 2018
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As per our report of even date attached

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(Nitesh Jain)
Partner
Membership No: 136169

Dated : 28th May, 2018
Place: Mumbai

A. Statement of Significant Accounting Policies forming Part of Consolidated Financial Statement for the year ended 31st March 2018

I) Corporate information

The Company is a public company domiciled in India and is incorporated under provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is located at Priyadarshini, Eastern Express Highway, Sion Mumbai 400022.

The Company is engaged in the manufacturing and marketing of fertilizers and industrial chemicals.

II) Basis of preparation and consolidation

a. The consolidated financial statements of the Company and its joint controlled entities have been prepared in accordance with accounting standards prescribed under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act.

b. The consolidated financial statements have been prepared under the historical cost and on accrual basis, except for the following:-

- Certain financial assets and liabilities(including Derivative financial instruments) measured at fair value
- Certain provisions recognized using actuarial valuation techniques
- Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.
- Transferable development Rights received upon surrender of rights on open land which are measured at fair value.

c. The consolidated financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crores (₹ 00,00,000), except when otherwise indicated.

d. The consolidated financial statements relate to the Company [Rashtriya Chemicals & Fertilizers Ltd.] and Jointly Controlled Entities, viz. [FACT-RCF Building Products Ltd. (FRBL), Urvarak Videsh Ltd. (UVL) and Talcher Fertilizers Limited.(TFL)].

Accounting Convention:

The accounting policies have been consistently applied by the Company and its Jointly Controlled Entities and are consistent with those used to prepare the opening balance sheet as at the transition date.

The financial statements of the Jointly Controlled Entities used in the consolidation are drawn up to the same reporting date as of the Company i.e. for the year ended 31st March 2018.

Principles of Consolidation:

The financial statements of Jointly Controlled Entities are combined by applying equity method in accordance with IND AS 28 -"Investment in Associates and Joint Ventures".

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Financial Statements. Differences in accounting policies followed by joint venture entity consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not material.

The following Jointly Controlled Entities are considered in the consolidated financial statements:

Name of the Company	Country of Incor-poration	Proportion of Ownership Interest as on 31.03.2018	Date of the entity becoming Joint Venture
FACT –RCF Building Products Ltd.	India	50%	02-May-2008
Urvarak Videsh Limited	India	33.33%	18-July-2008
Talcher Fertilizers Limited	India	33.32%	13-Nov-2015

e. Significant accounting judgements, estimates and assumptions

1.1 The preparation of the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities as at the Balance Sheet date.

1.2 Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Any revisions to the accounting estimates are recognized prospectively when revised, in current and future periods.

Some of the significant judgements and assumptions exercised are given as under:-

1.2.1 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed separately.

1.2.2 Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

1.2.3 Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the management considers the interest rates of government bonds in India.

The mortality rate is based on publicly available mortality tables as defined by LIC. Future salary increases is based on Company's assessment based on past trends.

1.2.4 Subsidy Income

As per extant policies covering subsidy of Urea, major inputs like cost of energy, water etc. are a pass through in the same. Since the notified rates of subsidy of urea incorporating actual revision takes time, recognition of subsidy is generally made on the basis of in principle recognition/ approval /settlement of claims from Government of India/Fertilizer Industry Co-ordination Committee while finalising the financial statements.

1.2.5 Provision for obsolescence

Provision towards obsolete/surplus inventory are recognized as per management estimates under the assumption that they may fetch 5% of their book value upon disposal.

1.2.6 Fair value measurements of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash

Flow model. The inputs to these models are from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in assumptions could affect the reported value of fair value of financial instruments.

1.2.7 Application of Discount rates

Estimates of rates of discounting are done for measurement of fair values of certain financial assets and liabilities, which are based on prevalent bank interest rates and the same are subject to change.

1.2.8 Estimates of Useful lives of assets/ components

Company has identified significant components of plant and machinery and provides for depreciation over their useful lives as per its technical assessment.

1.2.9 Operating Lease

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement, is or contains a lease is fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly not specified in an arrangement.

For arrangements entered into prior 1st April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Lease arrangements in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

III) Significant accounting policies

A) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

The classification of an asset either current or non-current has been made applying the criteria of realization of such assets within a period of 12 months after the reporting date.

Where assets have been fully provided for as doubtful, the same are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period , or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

B) Foreign currencies

The consolidated financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency.

a. Transactions and Balances

Foreign Currency transactions are accounted at the rates prevailing on the date of transaction. Year-end monetary assets and liabilities are translated at the exchange rate prevailing on the date of the Balance sheet.

Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit and loss for the period in which they arise, except for the following:-

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use (i.e. Capital Work in progress), are included in the cost of those assets when they are regarded as an adjustment on account of interest costs on those foreign currency borrowings.
- Non-monetary items that are measured in terms of historical cost in foreign currencies are reported using the exchange rates at the date of the transaction.

b. Exemption availed under Ind AS 101:-

Under Indian GAAP, Company had opted to capitalize exchange differences arising on translation of long term foreign currency monetary items in accordance with Para 46A of AS 11.

In accordance with Para D13AA of Ind AS 101, Company has continued with the policy of adjusting exchange differences arising on translation of long-term foreign currency monetary items outstanding as on 31st March 2018, related to acquisition of fixed assets, to the cost of the asset and depreciate the same over the remaining useful life of such asset. For this purpose, the Company treats a foreign currency monetary items as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its obligation.

C) Fair value measurement

The Company measures financial instruments, such as, derivatives, investments in equity instruments, etc. at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between the levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties, unquoted financial assets etc. Involvement of independent external valuers is decided upon annually by the Company. Further such valuation is done annually at the end of the financial year and the impact if any on account of such fair valuation is taken in the annual financial statements.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

D) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. Amounts disclosed as revenue are inclusive of excise duty and net of returns, rebates, Value added taxes and amounts collected on behalf of third parties.

Sale of Goods

Sales are recognized when goods are delivered and the significant risks and rewards of ownership have been transferred to the buyer.

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

Subsidy and Other Operating revenue

Recognition of Subsidy is generally made on the basis of in principle recognition/ approval/ settlement of claims from Government of India /Fertilizer Industry Co-ordination Committee.

Subsidy income is recorded based on the quantity sold during the financial year.

Subsidy on Urea

Subsidy on Urea is recognized based on Concession rate, including freight cost, as per the extant polices announced by the Government of India, further adjusted for input price escalation / de-escalation as estimated by the management based on the prescribed norms as notified by Government of India.

Subsidy on P&K Fertilizers

Subsidy on P&K fertilizers is recognized based on Concession rates, including freight cost, as notified by the Government of India under Nutrient Based Subsidy Scheme and Uniform Freight Policy.

Subsidy on Imported Urea

Subsidy on imported Urea is recognized based on lump sum compensation, including freight cost and other charges receivable from the Government of India, as per terms of agreement.

Remaining Other Operating revenue/other income are recognized on accrual basis.

Interest income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability.

For interest due from customers, vendor's etc. interest income is recognized when no significant uncertainty as to its realization exists and is accounted on time proportion basis at contracted rates.

Dividend

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental income

Rental income arising from operating leases is accounted on accrual basis in accordance with the terms of the contract since such charges are structured to increase in line with expected general inflation to compensate for expected inflationary cost.

Commission Income

For certain arrangements, Company acts as an agent. The role of the Company either as an agent or a principal is determined based on evaluation of the its role as a primary obligor, has the pricing latitude in the said arrangements, its exposure to inventory risks and credit risks, on case to case basis.

Government grants

Government grants are recognized in statement of profit and loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate and are presented within Other income.

Government grants relating to purchase of property, plant and equipment are credited to Statement of profit and loss on a Straight-line basis over the expected lives of the related assets.

Others

Insurance and other miscellaneous claims are recognized on receipt/acceptance of claim.

Income from sale of Certified Emissions Reductions (CER's)/Voluntary Emissions Reductions (VER's) is recognized on delivery and confirmation of the same by the concerned authorities.

E) Taxation

Income tax expense for a financial year represents the sum of tax currently payable, adjustments for tax provisions of previous years and deferred tax.

a. Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax items are recognized in correlation to the underlying transaction either in Other Comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of a asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting period.

c. **Current Tax and Deferred Tax**

Current and Deferred tax are recognized in Statement of Profit and loss, except when they relate to items that are recognized in Other Comprehensive Income (OCI) or directly in equity, in which case , the current and deferred tax are also recognized in OCI or directly in equity respectively.

d. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate taxable entity and the same taxation authority.

F) Property, plant and equipment

All items of property, plant and equipment, including freehold land are initially recorded at cost, net of recoverable taxes and discounts.

The cost includes the cost of replacing part of the property, plant and equipment meeting the recognition criteria and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment upto the date of commissioning of the assets.

Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Spares costing (Unit value of ₹10 lacs and above), and other components which are required to be replaced at intervals, meeting the recognition criteria have been classified as Plant and equipment and are depreciated separately based on their specific useful lives.

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in Statement of Profit and loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Catalysts which are used in commissioning of new projects/plants are capitalized and are amortized based on the estimated useful life as technically assessed. Subsequent issues of catalysts, if any, are treated as inventory.

Projects under which assets are not ready for their intended use are shown as Capital work in progress.

Freehold / Leasehold improvements are considered as property plant and equipment.

Exemption availed under Ind AS 101:- On transition to Ind AS, Company has elected to continue with the carrying value of all its property plant and equipment existing as at 1st April 2015, measured as per previous GAAP (Indian GAAP) and used that carrying value as the deemed cost of the property plant and equipment.

a. Depreciation

Depreciation is calculated on a Straight-line basis over the estimated useful lives of the assets on the depreciable amount when such assets are ready for their intended use.

Freehold land has an unlimited useful life and therefore is not depreciated.

Company has identified significant components of plant and machinery and provides for depreciation over their useful lives as per technical assessment, as per Para 4 of Schedule II to Companies Act, 2013. Depreciation on other Tangible assets is provided for as per useful lives prescribed in Schedule II to Companies Act, 2013, except for mobile telephones classified under office equipment's which are depreciated over a period of 3 years.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. A maximum residual value of 5% is considered for all assets, except in case of roads, wells and fences, office equipment's and end user computing devices like desk tops, laptops etc. where it is considered as NIL.

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

After recognition of impairment loss, the revised carrying amount less residual value of the impaired asset would be depreciated on systematic basis over the remaining useful life of the asset. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

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

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit and loss in the year the asset is de-recognized.

Assets under construction/Capital Work in Progress included under Property, Plant and equipment are not depreciated as these assets are not yet available for use. However they are tested for impairment if any.

G) Investment Properties

Investment properties are properties that are held to earn rentals and /or for capital appreciation (including property under construction for such purposes) and not occupied by the Company for its own use.

Investment properties are measured initially at cost, including transaction costs cost and net of recoverable taxes. The cost includes the cost of replacing parts and borrowing costs if recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on Investment property, wherever applicable, is provided on straight line basis as per useful lives prescribed in Schedule II to Companies Act, 2013.

Investment properties are derecognised either when they have been disposed off or when they are being occupied by the Company for its own use or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Exemption availed under Ind AS 101:- On transition to Ind AS, the Company has elected to continue with the carrying value of its Investment Property existing as at 1st April 2015, measured as per previous GAAP (Indian GAAP) and used that carrying value as the deemed cost of the same.

H) Intangible assets

a. Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost, net of recoverable taxes. The cost of intangible assets comprises its purchase price, and any cost directly attributable to bringing the asset to its working condition for the intended use. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Exemption availed under Ind AS 101:- For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets existing as on 1st April 2015 measured as per the previous GAAP (Indian GAAP) and use that value as its deemed cost as of the transition date.

The Company has no intangible assets with infinite useful lives.

b. Amortization

Intangible assets (i.e. software applications) having finite useful lives are amortized over their respective individual estimated useful lives on a STRAIGHT-LINE BASIS, pro-rata from the date the asset is available to the Company for its use. Management estimates the useful life of software applications identified as intangible assets as three years. Any expenses incurred on intangible assets with finite useful lives up to ₹ 1 lakh in each case are being charged off in the year of incurrence.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

I) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from assets or group of assets (cash-generating units). If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

Company bases its impairment calculation on detailed budgets and forecasts which are prepared for each of its CGU separately.

For all the assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the CGU does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the CGS in prior years. Such reversal is recognized in the Statement of Profit and Loss.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the Statement of profit and loss.

J) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are accumulated and capitalized upto the date when such assets are ready for their intended use or sale, as part of the cost of the asset.

All other borrowing costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

General Borrowings cost incurred in connection with qualifying assets are capitalized by applying the Capitalization rate on the quantum of such borrowings utilized for such assets.

K) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the contract lease.The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

a. Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating lease payments are recognized as an expense in the Statement of profit and loss as per lease terms as such payments are structured to increase in line with expected general inflation.

b. **Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised as revenues as per lease terms since such rentals are structured to increase in line with expected general inflation. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

L) **Inventories**

a. **Assessment of Inventory**

Raw Materials, Intermediary Products, By-Products and Finished Products inside factory premises, in bulk form, are assessed by survey method on a date as close as possible to the Balance Sheet date and the shortages /excesses in the quantities as compared to book stocks are adjusted in the books. Finished goods and other inventory stored outside the factory premises are taken as per warehousing certificates and third party confirmation respectively.

b. **Mode of Valuation**

Inventory is valued at lower of cost and net realizable value except in case of by-products, which are valued at, net realizable value.

Gases and slurries, if any, in pipelines at different stages of process are not valued as the same is not practicable.

Certified Emission Reductions (Carbon credits) is valued at lower of cost and net realizable value.

c. **Basis of Cost**

The cost of manufactured finished goods, bought out products and intermediary products are arrived at based on weighted average cost. Bifurcation of cost of joint products is made on technical estimates.

Cost of raw materials, petroleum products, packing materials, stores and spares, and loose tools is determined on weighted average cost basis.

Provision is made in respect of raw materials, packing materials, stores and spares and petroleum products, wherever appropriate, based on technical estimates, to reflect the impact of obsolescence, damage or other diminution in value.

d. **Measurement of Cost / Realizable Value**

Cost of Purchases

Cost of purchase includes duties, taxes (net of those recoverable) freight and other expenses net of trade discounts, rebates and price adjustments.

Cost of Manufactured goods

Cost of Manufactured Goods comprises of direct cost, variable production overheads and fixed production overheads on absorption costing method. Catalysts issued are charged off over their estimated useful lives as technically assessed. Variable production overheads are allocated based on actual production. Variable overheads related to movement of finished products are allocated based on actual dispatches. Fixed overheads are allocated based on higher of the actual production level or normal production level. Average handling and transportation costs incurred to bring the material in its present location and condition is included in valuing stocks in field warehouses and in transit.

Cost of Traded Fertilizers

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

Net Realizable Value

Price of urea is administered by the Government of India by which selling price is fixed for the buyer. The net realizable value for manufactured urea is taken at the applicable price concession (selling price net of dealers' margin plus the applicable subsidy from Government of India) net of variable selling and distribution cost. Net realizable value of off-spec urea is taken at 40% of MRP excluding subsidy.

The net realizable value of phosphatic and potassic fertilizers is taken at the applicable selling prices expected to be realized, net of dealers' margin and variable selling and distribution costs plus the concession as fixed/to be fixed by Government. Net realizable value of off-spec phosphatic and potassic fertilizers is taken at selling price net of dealers' margin and estimated cost of re-processing including transportation cost to factory. The net realizable value of off-spec traded phosphatic and potassic out fertilizers is at 30% of MRP excluding subsidy.

The Net realizable value of imported Urea is the selling price net of dealers' margin and other entitled compensation as contracted with the Government net of variable selling and distribution cost.

The net realizable value of off-spec imported Urea is taken at 40% of MRP excluding subsidy.

Average freight incurred on despatches from silo/factory/ port to godown and other products handling costs is reduced for arriving at the net realizable value in respect of stocks of fertilizers in silo/factory/port.

The net realizable value of non-fertilizer products is taken at lowest selling prices net of variable selling and distribution costs , expected to be realized in future.

M) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When a provision is expected to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

Decommissioning liability

The Company records a provision for decommissioning costs towards its manufacturing facilities wherever applicable. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset

N) Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises where a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognized but are disclosed where an inflow of economic benefits is probable. The estimation of financial effect in respect of contingent liabilities and contingent assets wherever not practicable, is not disclosed and such fact is accordingly stated.

O) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value. However in case of financial assets that are not recorded at fair value through profit or loss; the transaction costs that are directly attributable to the acquisition of issue of such financial assets are added to the value of the financial assets.

Subsequent measurement

Financial assets presently held by the Company are classified as under:-

- Debt instruments at amortized cost
- Debt instruments and derivatives at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

b. Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both of the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the statement of profit or loss. This category generally applies to trade and other receivables.

c. Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit or loss.

d. Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may decide to classify the same as at FVTOCI. The Company makes such election on an instrument-by-instrument basis upon on initial recognition and same is irrevocable.

Upon classification of equity instruments as at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investments. The Company may transfer the cumulative gain or loss within equity.

Equity instruments included

within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

e. **Derivative financial instruments**

The Company enters into a variety of derivative financial instruments to manage its exposure to interest and foreign exchange rate risks, like foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value on the date the derivative contracts are entered into and are subsequently re-measured to their fair value (Mark to Market) at the end of each reporting period. The resulting gain or loss is recognized in the Statement of profit and loss. Company does not designate any of its derivative instruments as hedge instruments. Derivatives are carried as financial assets when fair value is positive and as financial liabilities when the fair value is negative.

Transaction costs incurred for such derivative instruments are charged off to Statement of Profit and Loss on initial recognition.

f. **Derecognition**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

g. **Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

i. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii. Lease receivables

iii. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

iv. Financial guarantee contracts which are not measured as at FVTPL

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. All cash shortfalls) discounted at the original effective interest rate.

While estimating cash flows, Company considers all contractual terms of financial instrument over the expected life of the financial instrument including cash flows from the sale of collateral held that are integral to contractual terms.

The company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

Based on the same, it recognizes impairment allowance based on lifetime ECL at each reporting date, right from its initial recognition.

Further for the purpose of measuring lifetime ECL allowance for trade receivables the Company has used a practical expedient as permitted under Ind AS 109.This expected credit loss allowance is computed based on a provision matrix which takes in account historical credit loss experience with adjustments for collaterals available and forward looking information, if required.

ECL allowance is not recognized on Subsidy receivables since they are due from Government of India and also on other receivables which are largely due from Government agencies, as the Company does not perceive any risk of default which would be material.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost, trade receivables and lease receivables:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet.

The allowance reduces the net carrying amount, until the asset meets write-off criteria.

Trade receivables, other receivables, loans and advances are also fully provided for as doubtful upon review on case to case basis, to the extent of such loss considered as incurred.

h. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition as loans and borrowings, payables, derivatives and financial liabilities at fair value through profit or loss. The Company's financial liability consists of trade and other payables, loans and borrowings, bank overdrafts, financial guarantee contracts and derivative financial instruments.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs, if any.

Subsequent measurement

The subsequent measurement of financial liabilities of the Company depending on their classification is described below:-

Loans and borrowings including bank overdrafts

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

This category generally applies to interest-bearing loans and borrowings.

i. Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder of the guarantee for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

P) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Q) Investments in associates and Joint ventures

The results and assets and liabilities of associates or joint ventures are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IND AS 105.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Company's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost.

The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Company's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Company's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Company's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

R) Non – current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Transferable development Rights having commercial substance, received upon surrender of rights on open land is initially measured at fair value. Their subsequent measurement would be at lower of their carrying amount and fair value less costs to sell, since they are expected to be disposed.

S) Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in statement of profit and loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate and are presented within Other income.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

Government grants relating to purchase of property, plant and equipment are included in Other non-current liabilities and are credited to profit or loss on a Straight-line basis over the expected lives of the related assets.

In the event of such property, plant and equipment being disposed off before completion of its estimated useful life, the outstanding amount of such capital grant is fully credited to profit or loss in the year of its disposal.

T) Employee benefits

a. Short Term Employee Benefits:

All employee benefits payable within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

b. Retirement benefit costs and termination benefits and other long term employee benefits

Defined Contribution Schemes

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Company's defined Contribution made to its Super-annuation scheme is charged off to Statement of Profit and Loss on accrual basis.

Defined Benefit Plans

Provident Fund

Contribution to Provident Fund is accounted for on accrual basis. The Provident Fund contributions are made to a Trust administered by the Company by both the employer as well as employee. The Trust invests in specific designated instruments as permitted by Indian Law. The interest rate payable to the members of the Trust is being administered by the Government. The Company has an obligation to make good the shortfall, if any between the return from the investments of the Trust and the notified interest rate. Such shortfall on account of interest is recognized in the Statement of Profit and Loss.

Gratuity and Post-retirement medical benefits

For Defined Benefit plans comprising of gratuity, post-retirement medical benefits the cost of providing benefits is determined using the Projected Unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expenses or income; and
- re-measurements

The Company presents the first two components of defined benefit costs in the Statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The cost of the defined benefit gratuity plan and other Post employment medical benefits and the present value of gratuity obligation are determined using actuarial valuation techniques.

Termination Benefits

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Other Long term benefits

Liabilities recognized in respect of other long term benefits like leave encashment and long term service awards are measured at the present value of the estimated future cash outflows to be made by the Company (based on actuarial valuation)in respect of services provided by employees upto the reporting date.

U) Segment Reporting

The Company has recognized the following operating segments, viz Fertilizers, Industrial Chemicals and Trading, the business activities it is primarily engaged into. The same has been done based on the review of the operating results, internal reporting, review of performance, decision making relating to future allocation of resources, policy parameters influencing business etc. carried out by its Chief Operating Decision Maker i.e. Executive Management Committee/Board of Directors.

V) Prepaid Expenses

Individual expense up to ₹.1,00,000 is not considered in classifying prepaid expenses.

W) Research and Developments expenses

Revenue expenditure on Research activity is recognized separately and charged to Statement of Profit and Loss. Expenditure on development activities is capitalized when its future economic benefits can reasonably be regarded as assured.

X) Earnings per Share (EPS)

Basic earnings per share is calculated by dividing net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Upon discontinuation of an operation, the basic and diluted amount per share for the discontinued operation is separately reported, as applicable.

Y) Cash Dividend

The Company recognizes a liability to make cash distributions to shareholders when the distribution is authorized and the same is no longer at the discretion of the Company. As per corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

IV) Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions.

Company has elected to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition measured as per Indian GAAP and use that as its deemed cost as at date of transition. The same is applicable even for Investment property and intangible assets.

Company has also reviewed the necessary adjustments required to be done in accordance with paragraph D21 this standard (i.e. adjustments arising on account of decommissioning or restoration liabilities) and has accordingly considered the impact of the same wherever applicable.

The Company has designated unquoted equity instruments held at 1 April 2015 as fair value through OCI.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 1 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (PPE)

Sr. No.	Description	DEEMED COST / COST				DEPRECIATION				IMPAIRMENT LOSS			NET BOOK VALUE	
		AS AT 01.04.2017	Of Additions/ Adjustments	Of Deductions/ Adjustments*	AS AT 31.03.2018	UPTO 01.04.2017	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2018	UPTO 01.04.2017	Provided during the year	UPTO 31.03.2018	AS.AT 31.03.2018	AS.AT 31.03.2017
a.	Land (Freehold)	10.78	-	0.02	10.76	-	-	-	-	-	-	-	10.76	10.78
b.	Buildings	90.25	44.78	0.10	134.93	9.83	6.85	-	16.68	0.71	-	0.71	117.54	79.71
c.	Plant & Machinery	1586.07	438.54	5.12	2019.49	228.85	111.08	0.46	339.47	8.48	(1.08)	7.40	1672.62	1348.74
d.	Furniture & Fixtures	10.22	0.78	0.27	10.73	2.75	1.58	0.19	4.14	-	-	-	6.59	7.47
e.	Vehicles	3.43	0.07	0.09	3.41	1.23	0.54	0.07	1.70	-	-	-	1.71	2.20
f.	Office Equipments	16.07	2.10	0.06	18.11	7.91	3.11	0.02	11.00	-	-	-	7.11	8.16
g.	Others													
i)	Roads & Culverts	9.57	0.38	0.06	9.89	2.54	1.31	-	3.85	-	-	-	6.04	7.03
ii)	Railway sidings	14.36	0.47	-	14.83	2.92	1.16	-	4.08	-	-	-	10.75	11.44
iii)	Water System, Sewerage & Drainage	19.18	0.39	-	19.57	1.74	1.25	-	2.99	-	-	-	16.58	17.44
iv)	Miscellaneous Equipments	58.50	17.19	0.33	75.36	13.23	8.50	0.16	21.57	-	-	-	53.79	45.27
	TOTAL	1818.43	504.70	6.05	2317.08	271.00	135.38	0.90	405.48	9.19	(1.08)	8.11	1903.49	1538.24
	Previous Year Figures	1645.52	176.18	3.27	1818.43	134.49	136.92	0.41	271.00	9.19	-	9.19	1538.24	1511.03

₹ Crore

1.1

* Additions/Adjusments in PPE include the following	Item of Asset	AS AT 31.03.2018	AS AT 31.03.2017
Exchange Differences	Plant & Machinery	0.07	(1.09)
Borrowing Costs		7.66	-
TOTAL		**7.73**	**(1.09)**

1.2 Land at Thal included in Gross Block (at cost) at ₹ 2.33 Crore is subject to final revision in price.

1.3 Assets offered as security for loans have been provided in Note 18

₹ Crore

1.4

	AS AT 31.03.2018	AS AT 31.03.2017
Capital work-in-progress	152.36	107.24

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 2 NON-CURRENT ASSETS - INVESTMENT PROPERTY													
Description	DEEMED COST / COST				DEPRECIATION				IMPAIRMENT LOSS			NET BOOK VALUE	
	AS AT 01.04.2017	Of Additions/ Adjustments	Of Deductions/ Adjustments	AS AT 31.03.2018	UPTO 01.04.2017	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2018	UPTO 01.04.2017	Provided during the year	UPTO 31.03.2018	AS.AT 31.03.2018	AS.AT 31.03.2017
Land (Freehold)	0.01	-	-	0.01	-	-	-	-	-	-	-	0.01	0.01
Buildings	5.52	-	-	5.52	0.28	0.15	-	0.43	-	-	-	5.09	5.24
TOTAL	**5.53**	**-**	**-**	**5.53**	**0.28**	**0.15**	**-**	**0.43**	**-**	**-**	**-**	**5.10**	**5.25**
Previous Year Figures	5.53	-	-	5.53	0.14	0.14	-	0.28	-	-	-	5.25	5.39

2.1 The Company's investment properties consist of commercial / residential properties located at Mumbai, Alibaug and Lucknow. The management has determined that the investment properties consist of two classes of assets - land and building.

2.2

₹ Crore

Information regarding income and expediture of Investment Property	**YEAR ENDED 31.03.2018**	**YEAR ENDED 31.03.2017**
Rental income derived from investment properties	24.23	24.61
Less: Direct operating expenses (including repairs and maintenance) generating rental income	0.99	0.89
Less: Direct operating expenses (including repairs and maintenance) that did not generate rental income	0.07	1.37
Profit arising from investment properties before depreciation and indirect expenses	**23.18**	**22.35**
Less: Depreciation	0.14	0.14
Profit arising from investment properties before indirect expenses	**23.03**	**22.21**

2.3 Company undertakes expenditure towards Maintenance for upkeep of its properties which also covers the portion relating to Investment Property. The same being not material, no separate disclosure of contracts entered into for maintainance of investment property is given.

2.4 As at 31 March 2018, the fair values of the properties is ₹ 691.14 crore (₹ 653.10 crore as on 31.03.2017). These valuations are based on valuations performed by Ms Anmol Sekhri Consultant Pvt. Ltd, an accredited independent valuer and has worked out the value of the property based on the information and a study of the micro market in discussions with industry experts, local brokers and regional developers.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

2.5 Fair value disclosures for investment properties is detailed below

₹ Crore

Reconciliation of Fairvalue	AS AT 31.03.2018	AS AT 31.03.2017
LAND		
Opening balance	214.35	198.51
Fair Value	223.60	214.35
Fair value difference	9.25	15.84
Purchases	-	-
Fair value difference	-	-
Closing balance	223.60	214.35
BUILDING		
Opening balance	438.75	416.60
Fair Value	467.54	438.75
Fair value difference	28.79	22.15
Purchases	-	-
Fair value difference	-	-
Closing balance	467.54	438.75
TOTAL		
Opening balance	653.10	615.11
Fair Value	691.14	653.10
Fair value difference	38.04	37.99
Purchases	-	-
Fair value difference	-	-
Closing balance	691.14	653.10

₹ Crore

NOTE NO. 3 NON-CURRENT ASSETS - INTANGIBLE ASSETS

Description	DEEMED COST / COST				AMORTISATION				IMPAIRMENT LOSS			NET BOOK VALUE	
	AS AT 01.04.2017	Of Additions/ Adjustments	Of Deductions/ Adjustments	AS AT 31.03.2018	UPTO 01.04.2017	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2018	UPTO 01.04.2017	Provided during the year	UPTO 31.03.2018	AS.AT 31.03.2018	AS.AT 31.03.2017
Computer Software	10.92	0.85	-	11.77	7.57	2.79	-	10.36	-	-	-	1.41	3.35
TOTAL	**10.92**	**0.85**	**-**	**11.77**	**7.57**	**2.79**	**-**	**10.36**	**-**	**-**	**-**	**1.41**	**3.35**
Previous Year Figures	8.92	2.00	-	10.92	3.34	4.23	-	7.57	-	-	-	3.35	5.58

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 4 "NON-CURRENT ASSETS" "FINANCIAL ASSETS -INVESTMENTS"	AS AT 31.03.2018	AS AT 31.03.2017
Investments in Equity Instruments:		
[Unquoted Trade Investments (Fully paid up)]		
a. Joint Ventures		
i. Urvarak Videsh Ltd.	0.03	0.03
(1,80,002 equity shares(P.Y.1,80,002) of ₹10 each)		
ii. Talcher Fertilizers Limited	5.03	0.01
(Formerly known as Rashtriya Coal Gas Fertilizers Limited)		
(50,15,000 equity shares (P.Y.15,000 equity shares) of ₹10 each)		
(Under lock in period for 5 year from date of commercial operation)		
	5.06	**0.04**
b. Others		
Indian Potash Limited*	57.38	44.88
(3,36,600 equity shares (P.Y.3,36,600 equity shares, 3,36,600 equity shares as on 01.04.2015) of ₹10 each)		
TOTAL	**62.44**	**44.92**
*Reconciliation of fair value measurement of the investment in unquoted equity shares of Indian Potash Limited (IPL)		
	31.03.2018	**31.03.2017**
Opening balance	44.88	43.11
Total Gains and losses recognised in OCI	12.50	1.77
Closing Balance	**57.38**	**44.88**

₹ Crore

NOTE NO. 5 "NON-CURRENT ASSETS" "FINANCIAL ASSETS - TRADE RECEIVABLES"	AS AT 31.03.2018	AS AT 31.03.2017
Debtors		
Considered Doubtful	0.93	0.74
Less: Provision for doubtful debts	(0.93)	(0.74)
TOTAL	**-**	**-**

₹ Crore

NOTE NO. 6 "NON-CURRENT ASSETS" " FINANCIAL ASSETS - LOANS"	AS AT 31.03.2018	AS AT 31.03.2017
Loans- Employees		
Secured Considered Good	0.41	0.59
Unsecured Considered Good	-	0.01
TOTAL	**0.41**	**0.60**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 7	"NON-CURRENT ASSETS" "FINANCIAL ASSETS - OTHERS"	AS AT 31.03.2018	AS AT 31.03.2017
(i)	**Advances to Related Parties**		
	Considered Doubtful *	17.00	1.04
	Less:Provision	(17.00)	(1.04)
		-	-
(ii)	Advance against Equity Pending allotment	2.36	2.36
	Less: Provision towards dimunition in value	(2.36)	(2.36)
		-	-
(iii)	**Others**		
	Receivables towards Rent / Services provided		
	Unscured - Considered Doubtful	0.52	0.84
	Less: Provision for doubtful Receivables	(0.52)	(0.84)
		-	-
	Finance Lease receivable**	0.34	0.96
	TOTAL	**0.34**	**0.96**

* Includes an amount of ₹ 9.67 crore as advance against equity pending allotment pending increase in Authorised Capital of FRBL.

** Expected credit loss-NIL

₹ Crore

NOTE NO. 8	"NON-CURRENT ASSETS" "OTHER NON-CURRENT ASSET"	AS AT 31.03.2018	AS AT 31.03.2017
(i)	**Capital Advances**		
	Unsecured -Considered Good	34.14	76.64
(ii)	**Advances other than capital advances**		
a.	**Security Deposits**		
	Unsecured -Considered Good	17.99	17.51
	Considered Doubtful	0.31	0.41
	Less: Provision	(0.31)	(0.41)
		17.99	17.51
b.	**Loans (Material given on returnable basis) to Related Parties**		
	Considered Doubtful	1.37	1.08
	Less: Provision	(1.37)	(1.08)
		-	-
c.	**Other Advances (Unsecured -Considered Good)**		
i.	VAT Receivable	190.19	155.58
ii.	Considered Doubtful	4.57	5.23
	Less:Provision for doubtful advances	(4.57)	(5.23)
		-	-
ii.	Advance Income Tax (Net of Provision)	79.44	79.12
iii.	Deposits with Customs, Port Trust etc.	0.36	0.35
iv	Prepaid expenses	1.35	1.37
v.	Lease Premium Prepaid	2.62	2.76
vi.	Other Miscellaneous	0.24	0.33
		274.20	239.51
(iii)	**Others**		
	Employee Benefit Asset	0.29	0.58
	TOTAL	**326.62**	**334.24**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 9	"CURRENT ASSETS" "INVENTORIES"	AS AT 31.03.2018	AS AT 31.03.2017
i.	Raw materials	150.55	168.16
	Raw materials-in-transit	0.24	0.18
	Raw materials (Total)	150.79	168.34
ii.	Finished Goods	217.34	246.82
	Finished Goods-in-transit	61.62	57.67
	Finished Goods (Total)	278.96	304.49
iii.	Stock in Trade/Bought out Products	0.26	3.93
iv.	Intermediary Products	33.58	23.84
v.	By products	7.02	4.21
vi.	Stores & Spares, packing materials and Petroleum products	295.66	312.14
	Less: Provision for Obsolescence etc./Loss under Investigation	(24.62)	(23.65)
		271.04	288.49
vii.	Certified Emission Reduction Credits	-	-
	(No. of Units C.Y. 9,73,738 , P.Y. 9,73,738)		
	TOTAL	**741.65**	**793.30**
	Inventory Includes:		
	Stores and Spares		
a)	Under inspection	0.12	1.61
b)	Platinum & Rhodium stolen in earlier year and under investigation which is not available for verification	0.21	0.21
c)	With fabricators	16.90	2.15
	Cost of Inventories Recognised as expense	3022.62	2860.13
	Write down of Inventories charge to P&L (difference between cost & NRV)	7.32	3.24
	Reversal of write downs	-	-

₹ Crore

NOTE NO. 10	"CURRENT ASSETS" "FINANCIAL ASSETS - TRADE RECEIVABLES"	AS AT 31.03.2018	AS AT 31.03.2017
	Subsidy Receivable (Unsecured - considered good)*	2663.13	3186.99
	Sundry Debtors		
	Secured - Considered good	87.14	96.11
	Unsecrured - Considered good	208.34	361.81
		295.48	457.92
	Less : Provision for expected credit loss **	(3.20)	(3.19)
	Total - Sundry Debtors	292.28	454.73
	TOTAL	**2955.41**	**3641.72**

*Includes an amount of ₹ 82.84 crore(P.Y. ₹. 887.54) under special banking arrangement secured by way of specific subsidy claims to be settled by DoF/FICC)

** The company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes into account historical credit loss experience. The expected credit loss (ECL) allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting is as follows.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

NOTE NO. 10 "CURRENT ASSETS" "FINANCIAL ASSETS - TRADE RECEIVABLES"	AS AT 31.03.2018	AS AT 31.03.2017
ECL % - Ageing		
Not due	0.28	0.22
00 - 90 days	2.85	2.51
91 - 180 days	16.64	17.69
181 - 365 days	55.03	50.27
> 365 days (fully secured)	-	-
Age of Receivables (₹ Cr)		
Not due	275.49	421.52
00 - 90 days	14.65	31.55
91 - 180 days	1.73	2.77
181 - 365 days	3.15	1.93
> 365 days (fully secured)	0.46	0.15
	295.48	**457.92**
Movement in ECL allowance (₹ Cr)		
Balance at Beginning of the year	3.19	2.52
Movement	0.01	0.67
Balance at End of the year	3.20	3.19

Out of the total Sundry Debtors, Debtors amounting to ₹ 87.13 Crore as on 31.03.2018 and ₹ 96.11 Crore as on 31.03.2017 are secured against collaterals in form of Deposits / Bank Guarantees received and held by the company

₹ Crore

NOTE NO. 11 "CURRENT ASSETS" "FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS"	AS AT 31.03.2018	AS AT 31.03.2017
Cash and Cash Equivalents		
i. Balances with Bank	5.23	10.18
ii. Cheques in hand*	-	0.07
iii. Cash on hand	0.01	0.02
iv. Deposits with original maturity less than 3 months	-	0.04
TOTAL	**5.24**	**10.31**

The above cash and cash equivalent have not been pledged

(* CY ₹ 25,328)

₹ Crore

NOTE NO. 12 "CURRENT ASSETS" "FINANCIAL ASSETS - OTHER BANK BALANCES"	AS AT 31.03.2018	AS AT 31.03.2017
i. Deposits with original maturity more than 3 months but less than 12 months *	-	2.04
ii. In unpaid Dividend Account **	0.71	0.66
TOTAL	**0.71**	**2.70**

* Kept as margin money with banks etc

** Earmarked balances with banks / No amounts are due & payable to Investor Education & Protection Fund

₹ Crore

NOTE NO. 13 "CURRENT ASSETS" "FINANCIAL ASSETS - LOANS"	AS AT 31.03.2018	AS AT 31.03.2017
i. Loans- Employees- Secured Considered Good	0.86	1.32
ii. Others (Loan to other CPSE) Unsecured Considered Good	6.00	-
TOTAL	**6.86**	**1.32**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 14	"CURRENT ASSETS" "FINANCIAL ASSETS - OTHERS"	AS AT 31.03.2018	AS AT 31.03.2017
i.	Finance Lease receivable*	0.62	0.56
ii.	Advance to Related Party	0.03	0.01
iii.	Derivatives not designated as hedges (receivable)	2.33	-
iv.	Interest Accrued	0.15	0.12
v.	Receivables towards Rent / Services provided	78.08	16.83
	TOTAL	**81.21**	**17.52**

* Expected Credit Loss (NIL)

₹ Crore

NOTE NO. 15	"CURRENT ASSETS" "OTHER CURRENT ASSETS"	AS AT 31.03.2018	AS AT 31.03.2017
i.	**Advances other than capital advances**		
	Security Deposits		
	Unsecured -Considered Good	0.95	1.43
ii.	**Other Advances**		
	Unsecured-Considered Good		
	i. Contractors	23.19	13.46
	ii. Employees	0.25	0.31
	iii. GST Receivable (Asset)	33.81	-
	iii. Deposits with Customs, Port Trust etc.	4.23	3.61
	iv. Prepaid expenses	5.38	6.31
	v. Lease Premium Prepaid	0.14	0.14
	vi. Others	0.01	8.33
	Total Other Advances	**67.01**	**32.16**
iii.	Non-Current Assets held for Disposal*	109.11	0.32
iv.	Employee Benefit Asset	0.26	0.22
	TOTAL	**177.33**	**34.13**

*Includes an amount of ₹ 108.03 crore being the value of Transferable Develpment Rights received / receivable in lieu of land handed over to Mumbai Metropoliton Regional Development Authority(MMRDA), a statutory body under Government of Maharashtra for the construction of public road, recognised at fair market value.

₹ Crore

NOTE NO. 16	"EQUITY" "EQUITY SHARE CAPITAL"	AS AT 31.03.2018	AS AT 31.03.2017
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**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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

	31.03.2018		31.03.2017	
	No.	₹ Crore	No.	₹ Crore
EQUITY SHARES				
At the beginning of the year	551688100	551.69	551688100	551.69
Issued during the year	-	-	-	-
Outstanding at the end of the year	**551688100**	**551.69**	**551688100**	**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

		31.03.2018		31.03.2017	
		No.	% age of shareholding	No.	% age of shareholding
i.	President of India	413769483	75.00%	441353888	80.00%
ii.	Life Insurance Corporation of India	11409167	2.07%	29761945	5.39%

₹ Crore

NOTE NO. 17 "EQUITY" "OTHER EQUITY"	AS AT 31.03.2018	AS AT 31.03.2017
i. Other Reserves		
General Reserve		
Opening Balance	2343.51	2236.51
Add: Transferred (to) / from Retained Earnings	(2.79)	107.00
Closing Balance	2340.72	2343.51
Equity Instruments through Other Comprehensive Income Reserve		
Opening Balance	29.84	28.66
Add: Other Comprehensive Income for the year (Net of Tax)	7.48	1.18
Closing Balance	37.32	29.84
ii. Retained Earnings		
Opening Balance / Adjustments	-	-
Profit for the year	78.82	179.25
Add: Remeasurement of Defined Benefit Plans (Net of Tax) - Acturial Valuation	(8.57)	0.79
Less: Dividends paid (C.Y. ₹ 1.10 per share, P.Y. ₹ 1.10 per share)	(60.69)	(60.69)
Less: Dividend Distribution Tax	(12.35)	(12.35)
Less: Transfer (to) / from General Reserve	2.79	(107.00)
Closing Balance	-	-
TOTAL	**2378.04**	**2373.35**

For FY 2017-18, The board of directors have recommended a dividend of ₹ 0.60 per share (P.Y. ₹ 1.10 per share) which is subject to approval of the shareholders. Further the same is subject to dividend distribution tax at the applicable rate which works out to ₹ 6.81 crore (P.Y. ₹ 12.35 crore)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 18 "NON-CURRENT LIABILITIES" "FINANCIAL LIABILITIES -BORROWINGS"	AS AT 31.03.2018		AS AT 31.03.2017	
	Non Current	Current	Non Current	Current
SECURED				
Term Loan from Banks				
1 Rupee Loan from Banks				
a. Kotak Mahindra Bank	-	-	-	8.33
A loan of ₹ 100 crore sanctioned by and availed from Kotak Mahindra Bank is secured by first pari passu charge by way of hypothecation on movable fixed assets (machinery and equipments) of the revamped Ammonia and Urea Plants situated at Thal with a minimum security cover of 1.25 times of the amount borrowed from this bank. 50% of the loan carries a fixed rate of interest of 10.00% pa and the remaining 50% of the loan carries a floating rate of interest benchmarked to the Bank's base rate and during the year the rate of interest varied around 9.30% per annum.The said loan has been fully repaid during the year.				
b. Kotak Mahindra Bank	94.12	5.88	-	-
A loan of ₹ 100 crore availed from Kotak Mahindra Bank out of sanctioned loan amount of ₹ 393 crores (+/- 15%) is to be secured by first pari passu charge on movable fixed assets (machinery and equipments) to the extent of 1.25 times of the amount borrowed from the bank. Creation of charge is pending as on 31st March 2018. The rate of interest is linked to 3 months MIBOR (reset after every 3 months) plus fixed margin of 1.11% per annum. Repayment of the said loan would fall due for ₹ 5.88 crore in F.Y. 2018-19, ₹23.53 crore in FY 2019-20, ₹23.53 crore in FY 2020-21, ₹ 23.53 crore in FY 2021-22, ₹23.53 crore in FY 2022-23				
	94.12	5.88	-	8.33
2 Foreign Currency Loan / External Commercial Borrowings				
a. HSBC Bank (Mauritius) Limited	-	-	-	69.94
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. The said loan has been fully repaid during the year				
b. Kotak Mahindra Bank Limited	19.48	25.99	45.34	25.91
A foreign currency Term loan of ₹ 100 crore equivalent to USD 15.99 Million availed by the Company from Kotak Mahindra Bank Limited, is secured by way of hypothecation on movable fixed assets (machinery and equipments) of the Ammonia V Plant situated at Trombay to the extent of 1.25 times of the loan amount. The rate of interest is 6 months USD LIBOR plus margin of 2.75% per annum. Repayment of the said loan would fall due for ₹ 25.99 crore in F.Y. 2018-19, ₹ 19.48 crore in FY 2019-2020.				

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 18 "NON-CURRENT LIABILITIES" "FINANCIAL LIABILITIES -BORROWINGS"	AS AT 31.03.2018		AS AT 31.03.2017	
	Non Current	Current	Non Current	Current
c. Yes Bank Limited	37.37	10.67	47.90	5.32
A foreign currency Term loan of ₹ 55 crore equivalent to USD 8.21 Million availed by the Company from Yes Bank Limited, is secured by way of hypothecation on movable fixed assets (machinery and equipments) of the Medium Pressure (MP) and High Pressure (HP) Nitric Acid Plant situated at Trombay to the extent of 1.25 times of the loan amount. The rate of interest is fixed at 3.70% per annum. Repayment of the said loan would fall due for ₹ 10.67 crore in FY 2018-19, ₹ 10.68 crore in FY 2019-2020, ₹ 10.68 crore in FY 2020-21, ₹ 10.68 crore in FY 2021-22 and ₹ 5.34 crore in FY 2022-23.				
d. State Bank of India	169.09	33.82	-	-
Term loan of EURO 25.50 Million availed by the Company from State Bank of India Antwerp branch, under RBI Loan Registration no. 201709145 is secured by way of hypothecation on movable fixed assets (machinery and equipments) of the GTG & HRSG project situated at Thal to the extent of 1.25 times of the loan amount. The rate of interest is 6 months EURIBOR plus margin of 1.05% per annum. Repayment of the said loan would fall due for ₹ 33.82 crore in FY 2018-19, ₹ 33.82 crore in FY 2019-2020, ₹ 33.82 crore in FY 2020-21, ₹ 33.82 crore in FY 2021-22 , ₹ 33.82 crore in FY 2022-23 and ₹ 33.82 crore in FY 2023-24.				
	225.94	70.48	93.24	101.17
UNSECURED				
Term Loan from Banks				
Yes Bank WCTL	-	-	20.60	-
A working capital term loan (WCTL) of ₹ 20.60 crore sanctioned and availed by the Company from Yes Bank Limited, is an unsecured loan for a tenor of 5 years. The said loan has a fixed interest rate of 8.40% per annum. The said loan has been fully prepaid during the year.				
Amount disclosed under the head "OTHER CURRENT LIABILITIES" (Refer Note No. 26)		(76.36)		(109.50)
TOTAL	**320.06**	**-**	**113.84**	**-**

The loan covered in 18.1.a & 18.2.a has been repaid in 2017-18.The same was secured by first *pari pasu* charge on all movable fixed assets of Revamped Ammonia urea plant at Thal with a carrying value of ₹ 458.08 crore as on 31.03.2017.

The loan covered in 18.2.b is secured by first *pari pasu* charge on movable fixed assets of ammonia V plant situated at Trombay with a carrying value of ₹108.10 crore (P.Y. ₹ 116.64 crore) .

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 18 "NON-CURRENT LIABILITIES" "FINANCIAL LIABILITIES -BORROWINGS"	AS AT 31.03.2018 Non Current	AS AT 31.03.2018 Current	AS AT 31.03.2017 Non Current	AS AT 31.03.2017 Current
The loan covered in 18.2.c is secured by exclusive charge on movable fixed assets of Medium Pressure and High Pressure (HP) Nitirc Acid Plant at Trombay with a carrying value of Rs 63.86 crore (P.Y. ₹ 70.28 crore)				
The loan covered in 18.2.d is availed in 2017-18 and is secured by first *pari pasu* charge on movable fixed assets of the GTG & HRSG project at Thal with a carrying value of ₹ 330.11 crore.				
Security creation for the loan covered in 18.1.b is pending as on 31.03.2018.				

₹ Crore

NOTE NO. 19 "NON-CURRENT LIABILITIES" "FINANCIAL LIABILITIES - TRADE PAYABLES"	AS AT 31.03.2018	AS AT 31.03.2017
Trade Payables (Refer Note No. 47)	**211.79**	210.63
	211.79	210.63

₹ Crore

NOTE NO. 20 "NON-CURRENT LIABILITIES" "FINANCIAL LIABILITIES - OTHERS"	AS AT 31.03.2018	AS AT 31.03.2017
i. Security Deposit from Vendors	34.70	16.37
ii. Deposit from Employees	0.01	0.03
TOTAL	**34.71**	**16.40**

₹ Crore

NOTE NO. 21 "NON-CURRENT LIABILITIES" "PROVISIONS"	AS AT 31.03.2018	AS AT 31.03.2017
Provision for Employee Benefits		
i. Leave Salary Encashment	99.54	83.76
ii. Post Retirement Medical Benefits	62.14	57.47
iii. Gratuity	91.75	-
iv. Long Service Award	0.35	0.38
TOTAL	**253.78**	**141.61**

₹ Crore

NOTE NO. 22 "NON-CURRENT LIABILITIES" "DEFERRED TAX LIABILITIES (NET)"	AS AT 31.03.2018	AS AT 31.03.2017
a. Deferred Tax Liability:		
i. Depreciation	356.93	311.64
ii. Fair value of Investments	19.89	14.87
iv. Other timing differences	0.77	2.41
TOTAL	**377.59**	**328.92**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 22	"NON-CURRENT LIABILITIES" "DEFERRED TAX LIABILITIES (NET)"	AS AT 31.03.2018	AS AT 31.03.2017
b.	**Deferred Tax Asset:**		
i.	Provision for doubtful debts/claims/advances	8.63	3.64
ii.	Provision for obsolescence of stores	8.61	8.51
iii.	Provision for dimunition in value of investments	12.37	12.26
iv.	Expenditure allowable on payment basis	113.26	71.31
v.	Disallowances to be claimed in future on actual basis	10.09	9.82
vi.	Other timing differences	4.86	4.57
	Total	157.82	110.11
	Net Deferred Tax Liability	**219.77**	**218.81**

₹ Crore

NOTE NO. 23	"OTHER LIABILITIES"		AS AT 31.03.2018	AS AT 31.03.2017
I	**NON-CURRENT**			
i.	Advance rent Received	23 A	9.76	11.86
ii.	Government Grants	23 B	1.11	1.41
iii.	Deferred Deposit		15.51	2.58
	TOTAL OTHER NON-CURRENT LIABILITIES (I)		**26.38**	**15.85**
II	**CURRENT**			
(a)	**Revenue received in advance**			
i.	Income received in advance from Customers		56.82	71.31
ii.	Subsidy on unsold stock		95.00	114.19
			151.82	185.50
(b)	**Other Advances**			
	Retention money		12.50	12.50
(c)	**Other Liabilities:**			
i.	Advance Rent Received	23 A	2.58	2.46
ii.	Government Grants	23 B	0.30	0.30
iii.	Deferred Deposit		3.76	2.68
iv.	**Statutory Dues:**			
	a. Excise Duty on closing stock		-	2.11
	b. Withholding taxes		3.50	2.90
	c. GST Payable		0.01	-
	d. VAT/ Sales tax		-	4.74
	e. Other taxes		-	0.07
v.	Others		11.24	4.06
			21.39	19.32
	TOTAL OTHER CURRENT LIABILITIES (II)		**185.71**	**217.32**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 23 A "ADVANCE RENT RECEIVED"	AS AT 31.03.2018	AS AT 31.03.2017
At at 1st April	14.32	15.88
Received during the year	0.55	0.80
Released to the statement of profit and loss	2.53	2.36
As at 31st March	12.34	14.32
Current	2.58	2.46
Non-current	9.76	11.86

₹ Crore

NOTE NO. 23 B "GOVERNMENT GRANTS"	AS AT 31.03.2018	AS AT 31.03.2017
At at 1st April	1.71	2.01
Received during the year	-	-
Released to the statement of profit and loss	0.30	0.30
As at 31st March	1.41	1.71
Current	0.30	0.30
Non-current	1.11	1.41

₹ Crore

NOTE NO. 24 "CURRENT LIABILITIES" "FINANCIAL LIABILITIES - BORROWINGS"	AS AT 31.03.2018	AS AT 31.03.2017
Loans Repayable on Demand		
I. Secured		
a. From Banks*		
i. Cash Credit	3.98	7.33
ii. Working Capital Demand Loan	82.83	917.53
(Includes an amount of ₹ 82.83 crore (P.Y. ₹ 887.54 crore) under special banking arrangement secured by way of specific subsidy claims to be settled by DoF / FICC)		
Total Secured	**86.81**	**924.86**
II. Unsecured:		
a. From Banks		
i. Foreign currency loans from banks-Buyers Credit	511.78	280.68
ii. Rupee loans	136.00	-
	647.78	**280.68**
b. Other Loans		
Commercial Paper	200.00	340.00
Total Unsecured	**847.78**	**620.68**
TOTAL	**934.59**	**1545.54**

*Cash Credit and Working Capital Demand Loan from banks is secured by hypothecation of entire current assets, present and future. The said arrangement carries a rate of interest which varied between 7.95% to 8.35% per annum during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 25 "CURRENT LIABILITIES" "FINANCIAL LIABILITIES - TRADE PAYABLES"	AS AT 31.03.2018	AS AT 31.03.2017
Trade Payables		
(A) Outstanding dues of micro enterprises and small enterprises	15.14	11.93
(B) Outstanding dues of creditors other than micro enterprises and small enterprises	682.26	622.40
TOTAL	**697.40**	**634.33**

Trade payables are normally non-interest bearing and are usually settled within 30-days from the date of receipt of invoice unless they are contracted with specific credit terms as applicable.

₹ Crore

NOTE NO. 26 "CURRENT LIABILITIES" "FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES"	AS AT 31.03.2018	AS AT 31.03.2017
i. Current maturities of long term debt (Refer Note No. 18)	76.36	109.50
ii. Interest accrued but not due on borrowings	3.48	2.05
iii. Unclaimed dividend *	0.71	0.66
iv. Creditors on Capital Account	10.32	3.05
v. Standing Deposit from Customers	49.93	48.32
vi. Trade Deposit from Customers	73.08	70.38
vii. Earnest Money Deposit & Security Deposit from Vendors	68.37	53.02
viii. Corporate Guarantees Given / One Time Settlement	19.50	35.47
ix. Ex-gratia & employee benefits	131.09	19.94
x. Derivatives not designated as Hedges (MTM loss payable)	-	5.38
TOTAL	**432.84**	**347.77**

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

₹ Crore

NOTE NO. 27 "CURRENT LIABILITIES" "PROVISIONS"	AS AT 31.03.2018	AS AT 31.03.2017
A) Provision for Employee Benefits		
i. Leave Salary Encashment	106.32	100.99
ii. Post Retirement Medical Benefits	5.04	4.44
iii. Gratuity Payable	24.36	-
iv. Long Service Award	0.08	0.08
	135.80	**105.51**
B) Provisions towards disputes/claims/legal matters/other contractual obligations	2.00	27.00
TOTAL	**137.80**	**132.51**

₹ Crore

NOTE NO. 28 "CURRENT LIABILITIES" "CURRENT TAX LIABILITIES NET"	AS AT 31.03.2018	AS AT 31.03.2017
Provision for Taxation less Advance tax	36.02	16.15
TOTAL	**36.02**	**16.15**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 29 "REVENUE FROM OPERATIONS"		Year Ended 31.03.2018	Year Ended 31.03.2017
1. Sales (Including Excise Duty)			
A. Manufactured Products	29A		
Fertilizers		2148.27	2197.50
Industrial Products		783.72	841.54
		2931.99	3039.04
B. Bought-out Products	29A		
Fertilizers		182.49	192.89
Net Sales		3114.48	3231.93
2. Other Operating Revenues			
Subsidy on Urea & Complex Fertilizers	29B	4180.92	3968.09
Sale of Scrap		3.83	4.32
Management Fees -For Services rendered		17.27	17.95
Margin on Tie- ups		2.13	1.87
TOTAL		**4204.15**	**3992.23**
Revenue from Operations		**7318.63**	**7224.16**

₹ Crore

NOTE NO. 29A "SALES - PRODUCT WISE BREAK-UP"	Year Ended 31.03.2018	Year Ended 31.03.2017
1. Manufactured		
A. Fertilizers		
Suphala 15 : 15 : 15	762.03	784.54
Urea / Neem coated Urea	1349.59	1376.51
Others	36.65	36.45
	2148.27	**2197.50**
B. Industrial Products		
Ammonia	254.86	282.67
Methylamines	86.85	93.16
Ammonium Nitrate Melt	250.27	245.35
Others	191.74	220.36
	783.72	**841.54**
2. Bought-out Products		
Imported Di Ammonium Phosphate	161.35	75.55
Imported Muriate of Potash	6.23	77.25
Others	14.91	40.09
	182.49	192.89
TOTAL	**3114.48**	**3231.93**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 29B "SUBSIDY ON UREA & COMPLEX FERTILIZERS"	Year Ended 31.03.2018	Year Ended 31.03.2017
1. Manufactured Fertilizers		
Price	3623.59	3371.96
Freight	467.05	464.65
	4090.64	**3836.61**
2. Bought-out Fertilizers		
Price	75.90	112.06
Freight	14.38	19.42
	90.28	131.48
TOTAL	**4180.92**	**3968.09**

₹ Crore

NOTE NO. 30 "OTHER INCOME"	Year Ended 31.03.2018	Year Ended 31.03.2017
1. Interest Income		
On Loans to Employees	0.20	0.30
On Deposits with Bank and Others	0.83	0.69
On Income Tax Refund	2.63	-
On Sales Tax Refund	0.75	-
From Customers	3.45	2.59
From Others	0.92	1.89
TOTAL	8.78	5.47
2. Dividend Income	0.27	0.19
3. Other Income		
Profit on sale of fixed assets (Net)	2.18	0.06
Bad debts recovered	0.40	0.38
Rent received, recovery of electricity etc.	26.67	26.99
Lease compensation of railway siding	0.21	0.21
Government Grants (Refer Note No. 23B)	0.30	0.30
Amortisation of Deferred Deposits	(2.11)	3.09
Miscellaneous Income	24.55	30.31
	52.20	61.34
Less: Transferred to Research and Development Expenses (Refer Note No. 37C)	(0.01)	(0.01)
	61.24	**66.99**

₹ Crore

NOTE NO. 31 "COST OF MATERIALS CONSUMED"		Year Ended 31.03.2018	Year Ended 31.03.2017
Raw Materials	31A	2896.46	2700.55
Packing Materials		99.43	124.97
Less : Transferred to Research & Development Expenses (Refer Note No. 37C)		-	(0.02)
TOTAL		**2995.89**	**2825.50**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 31A "ITEMWISE BREAKUP OF MATERIALS CONSUMED"	Year Ended 31.03.2018	Year Ended 31.03.2017
RAW MATERIALS		
Rock Phosphate	73.71	70.57
Di-Ammonium Phosphate	2.29	95.77
Mono-Ammonium Phosphate	213.19	146.82
Muriate of Potash	203.99	232.47
Natural Gas	2301.89	2055.20
Others	101.39	99.72
SUB TOTAL	**2896.46**	**2700.55**
Less : Transferred to Research and Development Expenses (Refer Note No. 37C)	-	(0.02)
TOTAL	**2896.46**	**2700.53**

₹ Crore

NOTE NO. 32 "PURCHASES OF STOCK IN TRADE"	Year Ended 31.03.2018	Year Ended 31.03.2017
Imported Di Ammonium Phosphate	202.47	91.23
Imported Muriate of Potash	-	99.48
Others	11.19	34.97
TOTAL	**213.66**	**225.68**

₹ Crore

NOTE NO. 33 "CHANGES IN INVENTORIES OF FINISHED GOODS & STOCK IN TRADE"		Year Ended 31.03.2018	Year Ended 31.03.2017
Opening Stock			
Finished Goods	33A	304.49	372.86
Intermediary Products		23.84	42.52
By-Products		4.21	10.08
Stock in trade	33A	3.93	59.57
Sub-Total		336.47	485.03
Closing Stock			
Finished Goods	33B	278.96	304.49
Intermediary Products		33.57	23.84
By-Products		7.02	4.21
Stock in trade	33B	0.26	3.93
Sub-Total		**319.81**	**336.47**
Changes in Inventories		16.66	148.56
Differential Excise duty on stocks of Finished goods		(2.02)	(1.63)
TOTAL		**14.64**	**146.93**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 33A "OPENING STOCK - PRODUCT WISE BREAK-UP"	Year Ended 31.03.2018	Year Ended 31.03.2017
Finished Goods		
1. Manufactured		
A. Fertilizers		
Urea (Trombay)	50.94	55.26
Urea (Thal)	137.31	166.95
Complex Fertilizers	73.20	115.43
Others	40.07	31.64
B. Industrial Products		
Methanol	0.04	0.08
Concentrated Nitric Acid	0.73	0.10
Ammonium Bi-carbonate	0.06	0.17
Methylamines	0.40	0.45
Ammonium Nitrate Melt	0.02	0.02
Dimethyl Acetamide	1.44	2.18
Argon Gas / Liquid	0.22	0.34
Others	0.06	0.24
	304.49	**372.86**
2. Bought-out Products		
Fertilizers		
Imported Muriate of Potash	0.83	55.94
Sulphate of Potash	2.27	2.23
Others	0.83	1.40
	3.93	59.57
TOTAL	**308.42**	**432.43**

₹ Crore

NOTE NO. 33B "CLOSING STOCK - PRODUCT WISE BREAK-UP"	Year Ended 31.03.2018	Year Ended 31.03.2017
Finished Goods		
1. Manufactured		
A. Fertilizers		
Urea (Trombay)	32.50	50.94
Urea (Thal)	147.53	137.31
Complex Fertilizers	77.48	73.20
Others	19.92	40.07
B. Industrial Products		
Methanol	0.03	0.04
Concentrated Nitric Acid	0.10	0.73
Ammonium Bi-carbonate	0.21	0.06

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 33B "CLOSING STOCK - PRODUCT WISE BREAK-UP"	Year Ended 31.03.2018	Year Ended 31.03.2017
Sodium Nitrate	0.25	-
Sodium Nitrite	0.36	-
Methylamines	0.38	0.40
Ammonium Nitrate Melt	0.02	0.02
Dimethyl Acetamide	0.03	1.44
Argon Gas / Liquid	0.06	0.22
Formic Acid	0.08	-
Others	0.01	0.06
	278.96	304.49
2. Bought-out Products		
Fertilizers		
Imported Muriate of Potash	-	0.83
Sulphate of Potash	0.11	2.27
Others	0.15	0.83
	0.26	3.93
TOTAL	**279.22**	**308.42**

₹ Crore

NOTE NO. 34 "EMPLOYEE BENEFITS EXPENSE"	Year Ended 31.03.2018	Year Ended 31.03.2017
Salaries,Wages and Bonus	500.93	424.08
Contribution to Provident Fund and other funds	43.36	44.53
Contribution to Gratuity Fund	7.32	-
Workmen and Staff Welfare Expenses	53.60	59.25
	605.21	527.86
Less : Transferred to Research and Development Expenses (Refer Note No. 37C)	(2.04)	(2.38)
Share recoverable from Thal Ammonia Extension and Others	(29.42)	(21.84)
	(31.46)	(24.22)
TOTAL	**573.75**	**503.64**

₹ Crore

NOTE NO. 35 "FINANCE COSTS"	Year Ended 31.03.2018	Year Ended 31.03.2017
i. Interest		
a. Term Loans-From Banks *	5.31	11.51
b. Working capital from Banks	45.92	61.94
c. Other loans and deposits	7.40	5.56
ii. Interest on Deferred deposits	(2.69)	2.99
iii. Other Borrowing & Finance Costs	0.77	1.07
iv. Exchange differences regarded as an adjustment to borrowing costs	5.88	10.91
TOTAL	**62.59**	**93.98**

* Net of transfers to CWIP / Capitalisation ₹ 7.66 crore, P.Y. Nil

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 36	"DEPRECIATION AND AMORTISATION EXPENSES / IMPAIRMENT"	Year Ended 31.03.2018	Year Ended 31.03.2017
i.	Depreciation on Property Plant and Equipment	135.38	136.92
ii.	Impairment / reversal on Property Plant and Equipment	(1.08)	-
iii.	Depreciation on Investment Property	0.15	0.14
iv.	Amortisation on Intangible Assets	2.79	4.23
	Total Depreciation / Amortisation Impairment provided during the year	137.24	141.29
	Less : Under Reseach and Development (Refer Note No. 37C)	(0.20)	(0.19)
	As reported under Statement of Profit & Loss:	**137.04**	**141.10**

₹ Crore

NOTE NO. 37 " OTHER EXPENSES"		Year Ended 31.03.2018	Year Ended 31.03.2017
Stores and Spares		26.73	34.63
Power and fuel *		2241.88	1887.82
Water Charges		(1.97)	77.86
Repairs and Maintenance	37A	108.05	135.60
Freight and Handling Charges		688.58	701.86
Rent		9.53	19.34
Rates and Taxes		8.76	10.12
Insurance		14.78	10.51
Miscellaneous Expenses	37B	157.91	227.91
Less: Transferred to Research & Development Expenses (Refer Note No. 37C)		(0.29)	(0.06)
		3253.96	**3105.59**

* Net of transfers to CWIP / Capitalisation ₹ 15.01 crore, P.Y. Nil

₹ Crore

NOTE NO. 37A "REPAIRS AND MAINTENANCE"	Year Ended 31.03.2018	Year Ended 31.03.2017
Plant and Machinery	70.31	87.47
Buildings	19.84	27.58
Other Assets	17.98	20.61
	108.13	135.66
Less: Transferred to Research & Development Expenses (Refer Note No. 37C)	(0.08)	(0.06)
TOTAL	**108.05**	**135.60**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 37B "MISCELLANEOUS EXPENSES"		Year Ended 31.03.2018	Year Ended 31.03.2017
Security expenses-Factory and Others		39.94	43.31
Electricity Charges-Township and Offices		7.89	7.73
Advertisement		4.40	8.34
Bank Charges		1.66	1.53
Promotion and Publicity		6.86	7.63
Hire Charges for vehicles		4.97	4.70
Travelling expenses		4.55	5.38
Entertainment Expenses		0.06	0.14
Donations		-	0.05
Research and Development expenses	37C	2.94	3.16
Loss on Fixed Assets Sold /Discarded		0.12	0.97
Losses/ Damages and other amounts written off		1.80	-
Foreign exchange Loss/(Gain)		3.66	(10.92)
Corporate Social Responsibility expenses		7.79	8.63
Excise on sales		27.01	125.00
Provision for Doubtful Debts/ Claims/ Advances		17.01	2.35
Provision for obsolescense of stores		2.24	5.56
Bad debts written off		0.50	0.93
Provision of earlier years no longer required		(5.53)	(1.35)
Liabilites for expenses no longer required		(26.80)	(10.42)
Recovery of share of common expenses		(20.24)	(21.69)
Other expenses **		77.08	46.88
		157.91	**227.91**

** Includes Directors' sitting fees C.Y. ₹ 12,70,000, P.Y. ₹ 7,65,000

₹ Crore

NOTE NO. 37C "RESEARCH & DEVELOPMENT EXPENSES"	Year Ended 31.03.2018	Year Ended 31.03.2017
Salaries and Staff Welfare Expenses	2.04	2.38
Repairs and Maintenance	0.08	0.06
Depreciation	0.20	0.19
Direct Research Expenditure	0.34	0.46
Other Expenses	0.14	0.02
Handling charges	0.15	0.04
Materials Consumed	-	0.02
SUB TOTAL	2.95	3.17
Less: Transferred from Other Income	(0.01)	(0.01)
TOTAL	**2.94**	**3.16**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

NOTE NO. 38 "EXCEPTIONAL ITEMS"	Year Ended 31.03.2018	Year Ended 31.03.2017
Fairvaluation (Gain) / Loss - Transferable Development Right	(107.94)	-
Past Service Cost (Gratuity)	108.06	-
TOTAL	**0.12**	**-**

(Refer Note No. 53)

₹ Crore

NOTE NO. 39 "OTHER COMPREHENSIVE INCOME"	Year Ended 31.03.2018	Year Ended 31.03.2017
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	(13.11)	1.22
Fair Value Equity instruments (IPL Shares)	12.50	1.77
	(0.61)	2.99
Less: Income tax relating to above items	(0.48)	(1.02)
TOTAL	**(1.09)**	**1.97**

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

40. DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES AS PER IND AS 107

₹ Crore

		As at 31.03.2018	As at 31.03.2017
I)	**FINANCIAL ASSETS**		
a.	BREAKUP OF FINANCIAL ASSETS AT FAIR VALUE THORUGH OCI		
	Investments - fully paid shares	57.38	44.88
	TOTAL	**57.38**	**44.88**
b.	BREAKUP OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT & LOSS		
	Derivatives not designated as hedges	2.33	-
	TOTAL	**2.33**	**-**
c.	BREAKUP OF FINANCIAL ASSETS CARRIED AT AMORTISED COST		
	Loans	7.27	1.92
	Others Financial Assets	79.22	18.48
	Trade Receivables	2955.41	3641.72
	Cash and Cash Equivalents	5.24	10.31
	Other Bank Balances	0.71	2.70
		3047.85	**3675.13**
d.	BREAKUP OF FINANCIAL ASSETS CARRIED AT COST		
	Investments - Joint ventures	5.06	0.04
	Total	**5.06**	**0.04**
	TOTAL FINANCIAL ASSETS	**3112.62**	**3720.05**
II)	**FINANCIAL LIABILITIES**		
a.	BREAKUP OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS		
	Derivative not designated as hedges	-	5.38
	TOTAL	**-**	**5.38**
b.	BREAKUP OF FINANCIAL LIABILITIES CARRIED AT AMORTISED COST		
	Borrowings	1254.65	1659.38
	Trade Payables	909.19	844.96
	Deposit from Employees	0.01	0.03
	Corporate Guarantees Given / One Time Settlement Liability	19.50	35.47
	Current maturities of long term debt	76.36	109.50
	Interest accrued but not due on borrowings	3.48	2.05
	Unclaimed dividend	0.71	0.66
	Creditors on Capital Account	10.32	3.05
	Standing Deposit from Customers	49.93	48.32
	Trade Deposit from Customers	73.08	70.38
	Earnest Money Deposit & Security Deposit from Vendors	103.07	69.39
	Ex-gratia & employee benefits	131.09	19.94
	Total	2631.39	2863.13
	TOTAL FINANCIAL LIABILITIES	**2631.39**	**2868.51**

The above referred carrying values of Financial Assets and Liabilities approximate its fair value as at the balance sheet date.

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

41. Contingent Liabilities not provided for:

41.1 Claims against the Company not acknowledged as debts to the extent ascertainable

(Interest cannot be estimated reliably) and not provided for net of payment/liability provided:-

₹ Crore

Sr. no.	Particulars	As at 31.03.2018	As at 31.03.2017
1	**Invoices/ debit notes and claims raised by GAIL(India) Ltd.**		
a	Increased gas transmission charges for ONGC pipeline. Stay order obtained from Mumbai High Court and directed to resolve through arbitration.	64.30	64.30
b	Levy of Market priced gas differential for use of APM/Domestic Gas for Non-fertilizer Non-Urea operations (Refer Note no. 47)	1231.05	1062.83
c	For non-submission for FICC certified gas utilization data	39.39	39.39
	Sub total	**1334.74**	**1166.52**
2	**Claims on the Company not acknowledged as debts by Contractors / Suppliers/ Arbitrators etc.**	**90.97**	**15.51**
3	**Demands raised by various authorities that may arise in respect of matters in appeal**		
	Excise Duty (D) *	35.94	33.85
	Excise Duty (S)	5.69	5.69
	Sales Tax	17.34	38.25
	Income Tax	21.42	25.10
	Service Tax (D)	30.67	21.31
	Service Tax (S)	6.49	4.37
	Custom Duty (D)	80.93	80.93
	Custom Duty (secured by Bank Guarantee)**	25.62	25.62
4	Water charges claimed by Municipal Corporation of Greater Mumbai	2.84	2.28
5	Claims preferred by local authorities	55.26	8.34
	GRAND TOTAL	**1707.91**	**1427.77**

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

*includes an amount of ₹ 24.82 crores (P.Y. ₹ 24.82 crores) towards duty, interest and penalty relating to purchase of Naphtha at concessional rate of excise duty for the purposes other than mentioned in the exemption notification for the period November-1996 to October-2005. The demand for the period upto February-2005 for ₹ 21.28 crores (P.Y. ₹ 21.28 crores) has been appealed against by the Company and the matter is resting with the Honorable Supreme Court, which is yet to be heard. For the subsequent period the show cause notice has been stayed by CESTAT and appeal is yet to be heard. Pending hearing, no provision is considered necessary.

** The demand of duty is secured by Bank Guarantees amounting to ₹ 29.07 crore and the Company has filed an appeal against the same before the bench of CESTAT, which is yet to be heard. Company has been advised by solicitors and advocates that the demand is not tenable and no provision is considered necessary.

The amount of claims in respect of legal cases filed against the Company for labour matters relating to regular employees and not acknowledged as debts is not ascertainable.

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

41.2 Demand of ₹ 33.48 crore raised by Municipal Corporation of Greater Mumbai (BMC) towards additional sewerage charges levied from 5-4-1987 are disputed by the Company in a Writ Petition filed in Bombay High Court. The Honorable High Court vide its interim Order dated 10-11-92 has granted stay on recovery of the demand for the period up to the date of the Order and directed the Company to pay sewerage charges from the date of the order which is being paid by the Company. The matter has been disposed off by the High Court and the Company approached Supreme Court. Supreme Court has now directed the Bombay High Court to hear the matter and decide on merits based on facts of the case. The Stay granted on the said matter continues.

As a part of an agreement entered into with BMC for obtaining raw sewerage, the Company has paid an interest free deposit of ₹ 16 crore to BMC (included in Note no.8) representing approximately 50% of the disputed demand which would be adjustable against the disputed demand in case the Court rules in favor of BMC. No provision is considered necessary for the disputed demand of ₹ 33.48 crore as the claim of BMC is not tenable.

41.3 In respect of clause 41.1 to 41.2 above, it is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flows, if any.

42. Capital Commitments:

₹ Crore

Particulars	**As at 31.03.2018**	**As at 31.03.2017**
Capital Expenditure Commitments	873.35	569.74
Commitment Towards Investments	-	7.64

43. Formalities relating to transfer of certain immovable and other properties from Fertilizer Corporation of India Limited to the Company on reorganization of the former in 1978 are not yet completed. Out of property cards for a total area of 30,89,013 Sq. meters (P.Y. 30,97,278 Sq. meters), property cards for 3,78,321 Sq. meters (P.Y. 3,78,321 Sq. meters) are yet to be transferred in the name of the Company.

44. Out of total area of 50,52,476 Sq. meters area at Thal Unit, the title deeds relating to area of 32,27,573 Sq. meters (P.Y. 32,03,543 Sq. meters) area are in the name of the Company. The capitalization of Freehold land at Thal Unit includes land at Kihim having carrying cost of ₹ 0.02 crore, pending execution of documents and transfer of title deeds in the name of Company, due to dispute.

45. Balance of subsidy receivables and tax refund from Government authorities are subject to confirmation. Some of the balances of trade Payables, current liabilities and loans and advances are subject to confirmation / reconciliation and consequential adjustments if any. In the opinion of the management, such adjustments would not be material.

46. The Company is eligible to receive subsidy from Fertilizer Industry Co-Ordination Committee (FICC) / Department of Fertilizers (DOF) on Urea, Phosphatic and Potassic (P & K) Fertilizers at the rates notified from time to time.

a. For the rates yet to be notified, due to escalations/de-escalations in the cost of inputs and other costs, subsidy has been accounted on estimated basis. The details of subsidy accounted on estimated basis are as under:-

₹ Crore

Particulars	**Year Ended 31.03.2018**	**Year Ended 31.03.2017**
	Urea	**Urea**
For the Year	578.73	(560.74)

Figures in brackets represents subsidy refundable to Govt. of India.

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

b. The matter relating to the issue of unintended benefits accruing to units using domestic gas for manufacture of nutrient "N" has been referred and is pending before an Inter-Ministerial Committee (IMC) of Government of India (GoI). An amount of ₹ 198.94 crore has been withheld by Department of Fertilizers (DOF) for the period January, 2014 to September, 2015 towards the same. DoF has recently agreed to release the amount withheld against submission of bank guarantee, which has since been submitted. Pending final decision on the said matter and since the Company is of the view that no unintended benefits have accrued to it and is expecting full recoverability of the same, Company has continued to recognize subsidy income on P&K fertilizers at the rates notified by DoF.

47. Consequent to Gas pooling being made applicable to Fertilizer (Urea) sector w.e.f. 1st June, 2015, it is expected that a differential pricing of gas may be made applicable for non-urea usage. Company has represented to DoF for maintaining supply of domestic gas for P&K fertilizers and chemicals. Further effective from 16th May, 2016 the Company has entered into a contract for procurement of market priced gas for non-urea operations at Trombay unit.

In the interim, Ministry of Petroleum & Natural Gas (MoPNG) vide its order No. L-13013/3/2012-GP-I, dated: 16th December, 2015 has directed GAIL (India) Limited to levy a higher gas price (i.e. the highest rate of RLNG used for production of urea) for gas consumed in non-urea operations. As the matter relating to the same is pending before the IMC for decision, Company has represented that any decision on the same be taken only upon the issue being settled by the IMC of GoI.

Pursuant to the said order, GAIL has sought a differential levy amounting to ₹ 1442.84 crore for the period commencing from 1st July 2006 till 31st March 2017 and has initiated arbitration proceeding towards non-payment of the same, which has been currently referred to Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD).

Company has also represented this matter to Department of Fertilizers for dispute resolution as the matter relating to the same is pending before the IMC of GoI.

However, pending finalization of price payable as per the MoPNG order, a liability of ₹ 211.79 crore as on 31st March, 2018 (₹ 210.63 crore upto 31st March, 2017) has been recognized for the period commencing from 1st June, 2015 based on the difference between the domestic gas price and pooled / market price of gas for its non-urea operations as applicable.

48. Based on the nature of business activities undertaken by the Company and requirement of IND AS 108, following are the operating segments identified:

Segment	Nature of activities
Fertilizers	Production and supply of various grades of Fertilizers for agricultural use.
Industrial Chemicals	Production of various chemicals and supply to diverse industries
Trading	Represents fertilizers imported / locally sourced and marketed for agricultural use.

The necessary disclosures as required under IND AS 108 are given in **Annexure-1.**

The segment revenue and segment results are arrived at based on the revenues generated out of sale of such products and the costs attributable are reduced for arriving at the segment results. Assets are allocated to operating segments based on the intended use for which the asset was primarily installed. Liabilities are allocated to operating segments to which it relates to.

No operating segments have been aggregated to form the above reportable operating segments.

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

49. Disclosures under IND AS 24 on Related Party Transactions are given below:

Since Government of India owns 75% of the Company's equity share capital (under the administrative control of Ministry of Chemicals and Fertilizers), the disclosures relating to transactions with Government and other Government controlled entities have been reported in accordance with para 26 of IND AS 24.

Certain transactions are carried out with other government controlled entities for purchase of Gases, for procurement of Raw Materials / Finished Goods, Assets / Spare Parts from Original equipment manufacturers, which are significant in terms of value, the details of which are as under:

Name of Entity	Nature of Transaction	2017-18	2016-17
		₹ Crore	₹ Crore
GAIL (India) Ltd	Procurement of Gas / Transportation Charges	3860.27	3,491.49
Mangalore Refinery & Petrochemicals	Procurement of Sulphur	13.35	20.09
MMTC Limited	Procurement of MOP	-	90.43
Bharat Petroleum Corporation Limited	Procurement of Gas	101.81	87.17
Bharat Petroleum Corporation Limited	Deposit received for STP Project	14.69	10.68
Indian Oil Corporation Ltd	Procurement of Gas	107.35	83.98
Oil and Natural Gas Corporation Ltd	Renting of Immovable Property	19.92	22.47
GAIL (India) Ltd	Compensation and Administration Charges towards Gas Swapping	-	4.36
GSPC ENERGY LIMITED	Procurement of Gas	30.63	-
GAIL (India) Limited	Gas Swapping arrangement	-	107.43
MAIDC	Sale of fertilizers	12.16	16.92
The Singareni Collieries Co. Ltd.	Sale of Industrial chemicals	9.56	14.44
Hindustan Insecticides Limited	Sale of fertilizers	38.45	24.13
Fertilizers and Chemicals Travancore	Inter Corporate Loan given	6.00	-

The above referred transactions have been carried out on arm's length basis with the said entities.

The other disclosures with related parties are as under:

Key Management Personnel

(i) Shri Umesh V. Dhatrak, Chairman & Managing Director from 14.09.2017

(ii) Shri Sudhir Panadare, Director (Technical) from 18.12.2017

(iii) Shri CMT Britto, Director (Technical) upto 30.06.2017

(iv) Shri Suresh Warior, Director (Finance) and CFO Upto 30.11.2017.

(v) Shri Umesh Dongre, Director (Finance) and CFO from 09.02.2018

(vi) Shri D M Sati, Company Secretary upto 30.09.2017

(vii) Shri Jai Bhagwan Sharma , Company Secretary from 01.10.2017

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Details relating to parties referred in above:

Remuneration:

₹ Crore

Particulars	Year ended 31.3.2018	Year ended 31.3.2017
Shri Umesh V. Dhatrak	0.20	-
Shri Sudhir Panadare	0.13	-
Shri C. M. T. Britto	0.55	0.41
Shri Umesh Dongre	0.05	-
Shri Suresh Warior	0.71	0.46
Shri Jai Bhagwan Sharma	0.11	-
Shri D.M.Sati	0.09	0.41
Total	**1.84**	**1.28**

The above amount includes salaries and allowances, contribution to Provident fund, pension etc. and actual payments towards leave encashment, if any.

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. Further the above figures do not include the arrears of wage revision due from 01.01.2017 as approved by Board.

There have been no outstanding loans and advances from the above referred parties as at year end.

50. Earnings per Share –Basic and Diluted

Particulars	**Year ended 31.3.2018**	**Year ended 31.3.2017**
Net profit after tax as per Statement of Profit and loss (₹ crore) (A)	78.82	179.25
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)	1.43	3.25
EPS from continuing operations	1.43	3.25

51. "Financial Reporting of interests in Joint Ventures"

The required information is as under:-

JOINT CONTROLLED ENTITIES

Name of the Company	**No of Shares**	**Country of Incorporation**	**% of Ownership interest as at**	
			31-03-2018	**31-03-2017**
1) FACT-RCF BUILDING PRODUCTS LTD. (FRBL)	32870000 of ₹ 10 each	India	50.00	50.00
2) URVARAK VIDESH LTD.(UVL)	180002 of ₹ 10 each	India	33.33	33.33
3) TALCHER FERTILIZERS LIMITED (FORMERLY KNOWN AS RASHTRIYA COAL GAS FERTILIZERS LIMITED) (TFL)	5015000 of ₹ 10 each	India	33.32	30.00

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

A) **FACT-RCF BUILDING PRODUCTS LTD:-** A Joint venture Company with Fertilizers and Chemicals Travancore Ltd. (FACT) for manufacture of rapid building materials from Gypsum at Kochi.

Summarized financial information of Company's investment in FACT-RCF BUILDING PRODUCTS LTD. (FRBL)

₹ Crore

Sr. No.	Particulars	As at 31.3.2018 (Unaudited)	As at 31.3.2017 (Unaudited)
1	Non-Current Assets	73.83	83.88
2	Cash and Cash Equivalent	0.55	0.54
3	Current Assets other than Cash and Cash Equivalent	8.26	9.55
4	Non-Current Liabilities	81.60	109.81
5	Current Liabilities	44.71	23.52
6	Equity	(43.67)	(39.36)
7	Proportion of the company's ownership	50%	50%
8	Carrying amount of the investment*	-	-
9	Capital Commitments	4.66	4.66
10	Commitment to subscribe to additional equity	-	7.64
11	Contingent Liabilities	5.63	5.63

Sr. No.	Particulars	Year Ended 31.3.2018 (Unaudited)	Year Ended 31.3.2017 (Unaudited)
1	Income	16.48	21.05
2	Cost of materials consumed	1.53	1.77
3	Depreciation and amortization expense	9.69	9.67
4	Finance costs	4.62	12.00
5	Employee benefits expenses	2.92	3.59
6	Other Expenses	10.70	18.17
7	Profit/Loss from continuing operations before exceptional item	(14.84)	(24.02)
8	Exceptional Item	10.53	-
9	Profit/Loss Before Tax	(4.31)	(24.02)
8	Total comprehensive income for the year	(4.31)	(24.02)
9	Company's Share of profit / loss for the year	(2.16)	(12.01)

* Owing to the company's share of losses exceeding its interest in the joint venture the share of loss stands discontinued. Accordingly company has not recognized share of loss of ₹ 2.16 crore for the year (P.Y. ₹ 12.01 crore) and ₹ 26.98 crore cumulatively upto the year ended 31.03.2018 (₹ 24.82 crore cumulatively upto the year ended 31.03.2017).

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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. Further URVARAK VIDESH LTD. (UVL) has been declared as Dormant Company on 04.11.2015 by Registrar of Companies, New Delhi.

Summarized financial information of company's investment in URVARAK VIDESH LTD.

₹ Crore

Sr. No.	Particulars	As at 31.3.2018 (Audited)	As at 31.3.2017 (Audited)
1	Non-Current Assets	0.00 ₹ 4,296	0.00 ₹ 7,733
2	Cash and Cash Equivalent	0.01	0.01 ₹ 70,151
3	Current Assets other than Cash and Cash Equivalent	0.09	0.11
4	Non-Current Liabilities	-	-
5	Current Liabilities	0.02	0.03
6	Equity	0.08	0.09
7	Proportion of the company's ownership	33.33%	33.33%
8	Carrying amount of the investment	0.03	0.03

Sr. No.	Particulars	Year Ended 31.3.2018 (Audited)	Year Ended 31.3.2017 (Audited)
1	Income	0.01	0.01
2	Cost of materials consumed	-	-
3	Depreciation and amortization expense	0.00 ₹ 3,437	0.00 ₹ 3,437
4	Finance costs	-	-
5	Employee benefits expenses	-	-
6	Other Expenses	0.01	0.01
7	Profit / (Loss) from continuing operations	0.01 ₹ (73,513)	0.00 ₹ (13,939)
8	Total comprehensive income for the year	0.01 ₹ (73,513)	0.00 ₹ (13,939)
9	Company's Share of profit / loss for the year	(0.00) ₹ (24501.88)	(0.00) ₹ (4645.87)

C) **TALCHER FERTILIZERS LIMITED (formerly known as Rashtriya Coal Gas Fertilizers Limited): -** A new Joint venture Company with Coal India Limited (CIL), GAIL (India) Limited and Fertilizer Corporation of India Limited (FCIL) was incorporated on 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).

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Summarized financial information of company's investment in TALCHER FERTILIZERS LTD. (Formerly known as Rashtriya Coal Gas Fertilizers Ltd.)

₹ Crore

Sr. No.	Particulars	As at 31.3.2018 (Unaudited)	As at 31.3.2017 (Audited)
1	Non-Current Assets	6.81	-
2	Cash and Cash Equivalent	8.49	0.05
3	Current Assets other than Cash and Cash Equivalent	0.65	-
4	Non-Current Liabilities	-	-
5	Current Liabilities	0.86	0.03
6	Equity	15.09	0.02
7	Proportion of the company's ownership	33.32%	30%
8	Carrying amount of the investment	5.03	0.01
9	Income	0.26	-
10	Cost of materials consumed	-	-
11	Depreciation and amortization expense	0.01	-
12	Finance costs	-	-
13	Employee benefits expenses	-	-
14	Other Expenses	0.17	0.03
15	Profit/(Loss) from continuing operations	0.07	(0.03)
16	Total comprehensive income for the year	0.07	(0.03)
17	Company's Share of profit / loss for the year	0.02	(0.01)

52. Disclosure of additional information pertaining to the Parent Company and Joint Ventures as on 31st March, 2018

Name of Entity in the Group	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated net assets	Amount (₹ in crore)
Parent Company								
Rashtriya Chemicals and Fertilizers Limited	100.00	2924.67	99.97	78.80	100.00	(1.09)	99.97	77.71
Joint Venture (as per Equity Method)								
Indian								
FACT –RCF Building Products Ltd.	-	-	-	-	-	-	-	-
Urvarak Videsh Limited	-	0.03	-	-	-	-	-	-
Talcher Fertilizers Limited	-	5.03	0.03	0.02	-	-	0.03	0.02
Total	**100.00**	**2929.73**	**100.00**	**78.82**	**100.00**	**(1.09)**	**100.00**	**77.73**

Contingent Assets:

53. In accordance with Modified New Pricing policy scheme (NPS III) effective from 01.04.2014, Company is eligible for increased compensation of fixed cost components for production of urea. As the price concessions relating to urea manufactured by the Company are yet to be notified, no additional compensation towards the same has been reckoned and further impact on account of the same is not quantifiable.

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

54. Company is expected to receive ₹ 2.86 crore towards certain plant and machinery including storage tank to be taken over by Mumbai Port Trust (MBPT) ,which is situated on the land taken on lease from them, upon handing over its possession. Since the assets are still in Company's possession with the risk and reward yet to be passed on, the same is not considered as income for the year.

55. Company is in receipt of an arbitration award in its favor for the compensation claimed in respect of surrender of land to Mumbai Metropolitan Regional Development Authority (MMRDA) on 23rd May, 2018. As per the award, Company is eligible for compensation either in the form of cash / TDRs amounting to ₹ 75.17 crore along with interest over and above the entitled compensation as recommended by MMRDA. However MMRDA can appeal against the said award.

56. **Exceptional items:**

a) Net fair value gain of ₹ 107.94 crore on account of valuation of Development Right Certificate received / receivable from Municipal Corporation of Greater Mumbai towards surrender of land in accordance with IND-AS 38 and Guidance Note on Accounting for Real Estate Transactions issued by Institute of Chartered Accountants of India. Tax expense includes capital gain tax impact on the same.

b) Past service gratuity cost of ₹ 108.06 crore on account of increase in gratuity limits from ₹10 lakh to ₹ 20 lakh in line with Notification dated 29th March, 2018 issued by the Ministry of Labour and Employment.

57. 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.

58. The consolidated financial statement has been prepared based on Management certified financial statements in respect of the joint venture entities viz FACT-RCF Building Products Limited & Talcher Fertilizers Limited and audited financial statements of Urvarak Videsh Limited.

59. The consolidated financial statements were authorized for issue in accordance with a resolution passed by the Board of Directors on 28th May, 2018.

60. The financial statements as approved by the Board of Directors are subject to audit by Comptroller and Auditor General of India and final approval by its Shareholders.

61. The figures of previous year 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.

(Umesh V. Dhatrak)
Chairman & Managing Director
DIN : 07718394

(Umesh Dongre)
Director (Finance)
DIN : 08039073

(J. B. Sharma)
Company Secretary
Membership No: FCS5030

Dated : 28th May, 2018
Place: Mumbai

As per our report of even date attached

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
Firm Regn. No.104607W / W100166

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

For **Chhajed & Doshi**
Chartered Accountants
Firm Regn. No. 101794W

(Nitesh Jain)
Partner
Membership No: 136169

Dated : 28th May, 2018
Place: Mumbai

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Annexure-1

CONSOLIDATED SEGMENTWISE REVENUE AND RESULTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

Sr. No.	Particulars	Fertilizers	Trading	Industrial Chemicals	Unallocated	Total
	SEGMENT REVENUE					
i.	Sales (Incl. Subsidy wherever applicable)	6238.92	272.76	783.72	-	7295.40
ii.	Other operating Income	4.87	0.27	0.83	17.26	23.23
	Total Revenue	**6243.79**	**273.03**	**784.55**	**17.26**	**7318.63**
	SEGMENT RESULT					
i.	Segment Results	143.90	32.96	26.95	(21.78)	182.03
ii.	Share of profit / (loss) of Joint Ventures	0.02	-	-	-	0.02
iii.	Interest Expense	-	-	-	-	62.59
iv.	Interest Income	-	-	-	-	8.78
v.	**Profit before Tax**	**-**	**-**	**-**	**-**	**128.24**
vi.	Tax - Current	-	-	-	-	72.75
vii	Deferred Tax Liability / (Asset)	-	-	-	-	(4.06)
viii.	Tax adjustments of earlier years excess / (short)	-	-	-	-	(19.27)
ix.	**Net Profit**	**-**	**-**	**-**	**-**	**78.82**
	OTHER INFORMATION					
i.	Segment Assets	5701.65	118.53	249.41	350.99	6420.58
ii.	Segment Liabilities	1811.28	0.25	50.58	1628.74	3490.85
	Other Disclosures					
iii.	Investments in Joint Ventures	5.06	-	-	-	5.06
iv.	Capital Expenditure	505.30	-	2.84	0.79	508.93
v.	Depreciation	94.78	-	38.89	4.65	138.32
vi.	Impairment	(1.08)	-	-	-	(1.08)
vii.	Other Non Cash Expenses	3.28	-	0.01	15.96	19.25

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

CONSOLIDATED SEGMENTWISE REVENUE AND RESULTS FOR THE YEAR ENDED 31ST MARCH 2017

₹ Crore

Sr. No.	Particulars	Fertilizers	Trading	Industrial Chemicals	Unallocated	Total
	SEGMENT REVENUE					
i.	Sales (Incl. Subsidy wherever applicable)	6034.11	324.37	841.54	-	7200.02
ii.	Other operating Income	4.23	0.98	0.96	17.97	24.14
	Total Revenue	**6038.34**	**325.35**	**842.50**	**17.97**	**7224.16**
	SEGMENT RESULT					
i.	Segment Results	257.89	10.58	80.42	(11.65)	337.24
ii.	Share of profit / (loss) of Joint Ventures	(0.01)	-	-	-	(0.01)
iii.	Interest Expense	-	-	-	-	93.98
iv.	Interest Income	-	-	-	-	5.47
v.	**Profit before Tax**	-	-	-	-	**248.72**
vi.	Tax - Current	-	-	-	-	90.67
vii	Deferred Tax Liability / (Asset)	-	-	-	-	1.94
viii.	Tax adjustments of earlier years excess / (short)	-	-	-	-	(23.14)
ix.	**Net Profit**	-	-	-	-	**179.25**
	OTHER INFORMATION					
i.	Segment Assets	5841.30	143.95	233.48	317.07	6535.80
ii.	Segment Liabilities	1473.09	9.28	52.77	2075.62	3610.76
	Other Disclosures					
iii.	Investments in Joint Ventures	0.04	-	-	-	0.04
iv.	Capital Expenditure	163.00	-	4.68	2.23	169.91
v.	Depreciation	103.48	-	31.64	6.17	141.29
vi.	Impairment	(9.19)	-	9.19	-	-
vii.	Other Non Cash Expenses	7.22	-	0.45	0.24	7.91

*Finance income and costs, and Corporate expenses are not allocated to individual segments as the same are managed on a group basis.

*Current taxes, deferred taxes and write back of excess tax provisions are also not allocated to those segments as they are also managed on a group basis.

*Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties.

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

RECONCILIATIONS TO AMOUNTS REFLECTED IN FINANCIAL STATEMENTS

₹ Crore

Sr. No.	PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017
I	**OPERATING REVENUE**		
	Segment Revenue		
	India	7301.37	7205.80
	Outside India	-	0.39
	Segment Revenue	**7301.37**	**7206.19**
	Unallocated - Management fees	17.27	17.96
	Total Operating Revenue	**7318.64**	**7224.15**
II	**RECONCILIATION OF PROFITS**		
	Segment Profit	203.83	348.88
	Interest Income	8.78	5.47
		212.61	354.35
	less: Finance Costs	62.59	93.98
	Corporate Expenses (unallocated)	21.78	11.65
	Profit Before Tax	**128.24**	**248.72**
III	**RECONCILIATION OF ASSETS**		
	Segment Assets	**6069.59**	**6218.73**
	Investments	62.40	44.90
	Corporate Assets + CWIP	23.13	29.22
	Non Current Tax Asset	79.44	79.12
	Derivatives not designated as hedges (MTM Gain Receivable)	2.33	-
	Cash & Bank balances	0.72	0.75
	Other assets	182.97	163.08
	Total Assets	**6420.58**	**6535.80**
IV	**RECONCILIATION OF LIABILITIES**		
	Segment Liabilities	**1862.11**	**1535.14**
	Borrowings long term	320.06	113.84
	Current maturities of long term Loans	76.36	109.50
	Borrowings Short term	932.44	1541.26
	Deferred Tax Liabilities	219.77	218.81
	Current Tax Liability	36.02	16.15
	Corporate Guarantees given	19.50	35.47
	Derivatives not designated as hedges	-	5.38
	Other current financial liabilities	14.96	25.32
	Other non current financial liabilities	0.05	0.16
	Corporate Provisions	2.77	3.03
	Other Liabilities	6.81	6.70
		3490.85	**3610.76**

Annexure-A

FORM AOC-1

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES / JOINT VENTURES AS PER COMPANIES ACT, 2015

Part A: Subsidiaries

Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Shareholding	Reasons for non-consolidation:
Not Applicable													

Part B: Associates and Joint Ventures
Statement pursuant to Section 129 (3) of the Companies Act, 2013 relating to Associate Companies and Joint Ventures

Name of Joint Venture	Last audited balance sheet date	Shares of Associate / Joint Ventures held by the Company on year end			Networth attributable to Shareholding as per the latest audited Balance Sheet (₹ in crore)	Profit / Loss for the year		Description of how there is significant influence	Reason why the associate / joint venture is not consolidated
		No.	Amount of investment in Associate / Joint Venture (₹ in crore)	Extent of Holding %		Considered in Consolidation (₹ in crore)	Not Considered in Consolidation (₹ in crore)		
1. FACT –RCF Building Products Ltd.	31.3.2018	32,870,000	32.87	50.00%	(21.84)	-	(2.16)	Note A	**
2. Urvarak Videsh Limited	31.3.2018	180,002	0.18	33.33%	0.03	*-	-	Note A	
3. Talcher Fertilizers Limited	31.3.2018	5,015,000	5.02	33.32%	5.03	0.02	-	Note A	

Note

A: There is significant influence due to percentage(%) of Share Capital.

* Share of JV in Profit / (Loss) for the year - Urvarak Videsh Limited ₹ (24,502)

** As per IND as 28, para 38, If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the entity discontinues recognizing its share of further losses

Para 39 of the standard states that after the entity's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

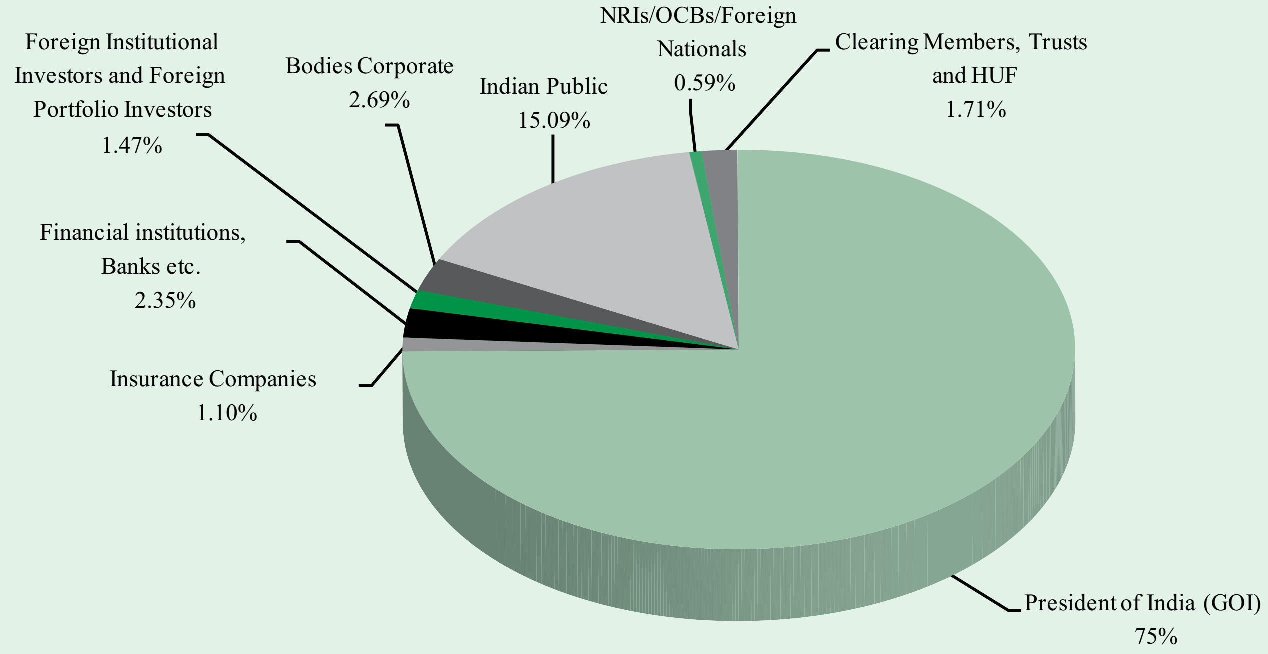
For and on behalf of the Board of Directors
RASHTRIYA CHEMICALS AND FERTILIZERS LTD.

(Umesh V. Dhatrak)
Chairman & Managing Director
DIN : 07718394

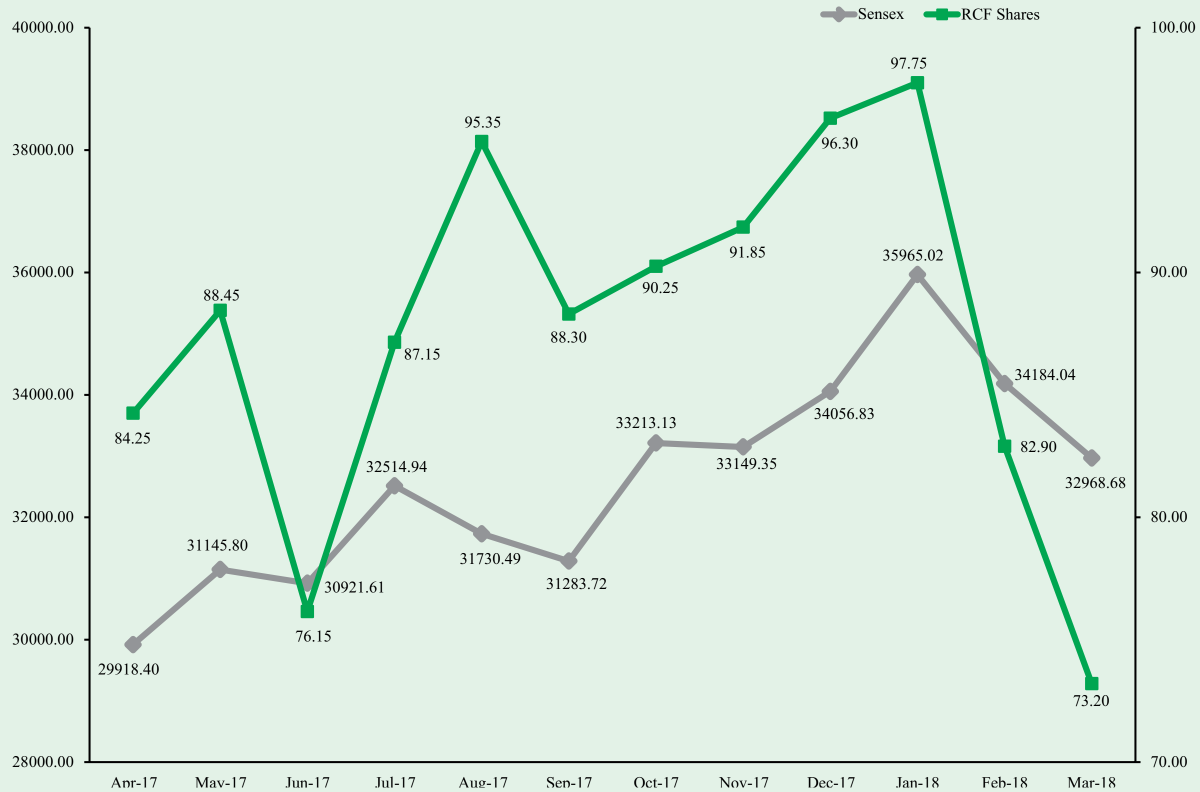
(Umesh Dongre)
Director (Finance)
DIN : 08039073

(J. B. Sharma)
Company Secretary
Membership No: FCS5030
Dated : 28th May, 2018
Place: Mumbai

SHARE HOLDING PATTERN AS ON 31.03.2018

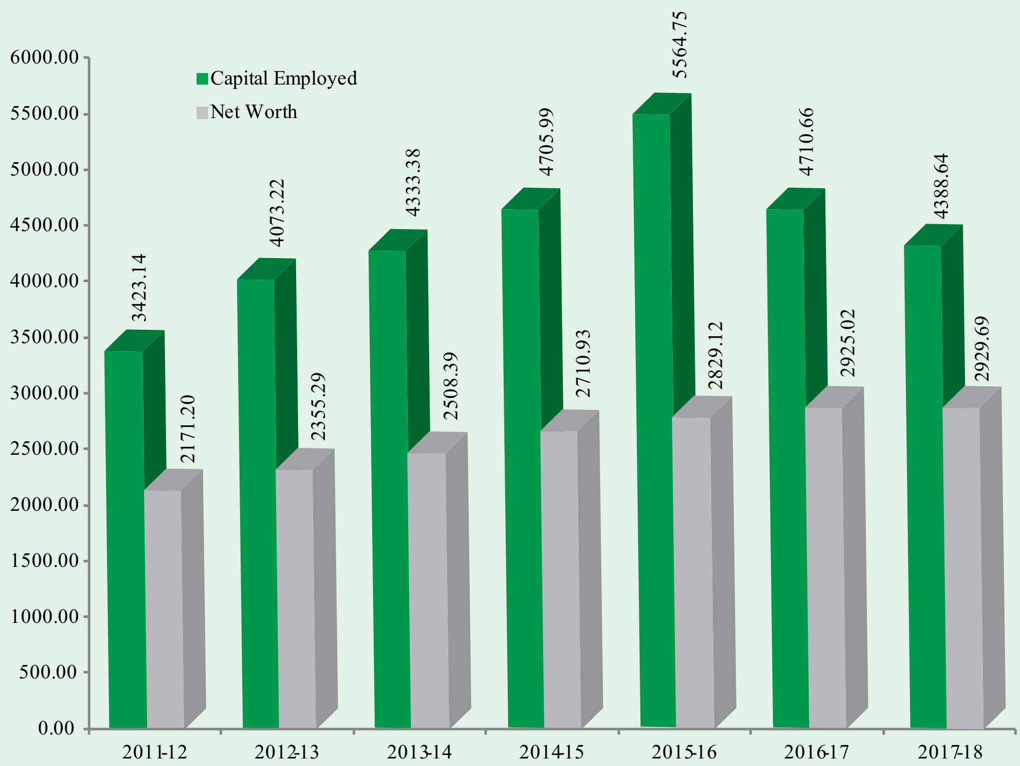


PERFORMANCE OF RASHTRIYA CHEMICALS & FERTILIZERS LTD. SHARE PRICE IN COMPARISON WITH BSE SENSEX

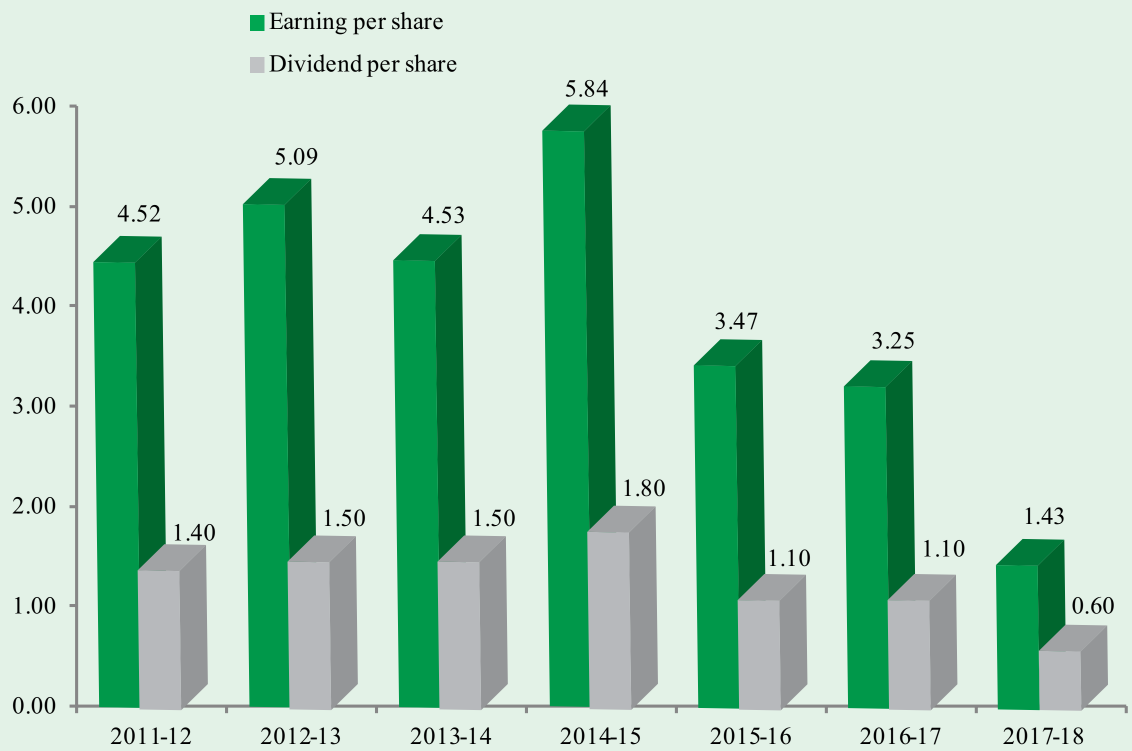


FERTILIZER AND IPD SALES (₹ CRORE)

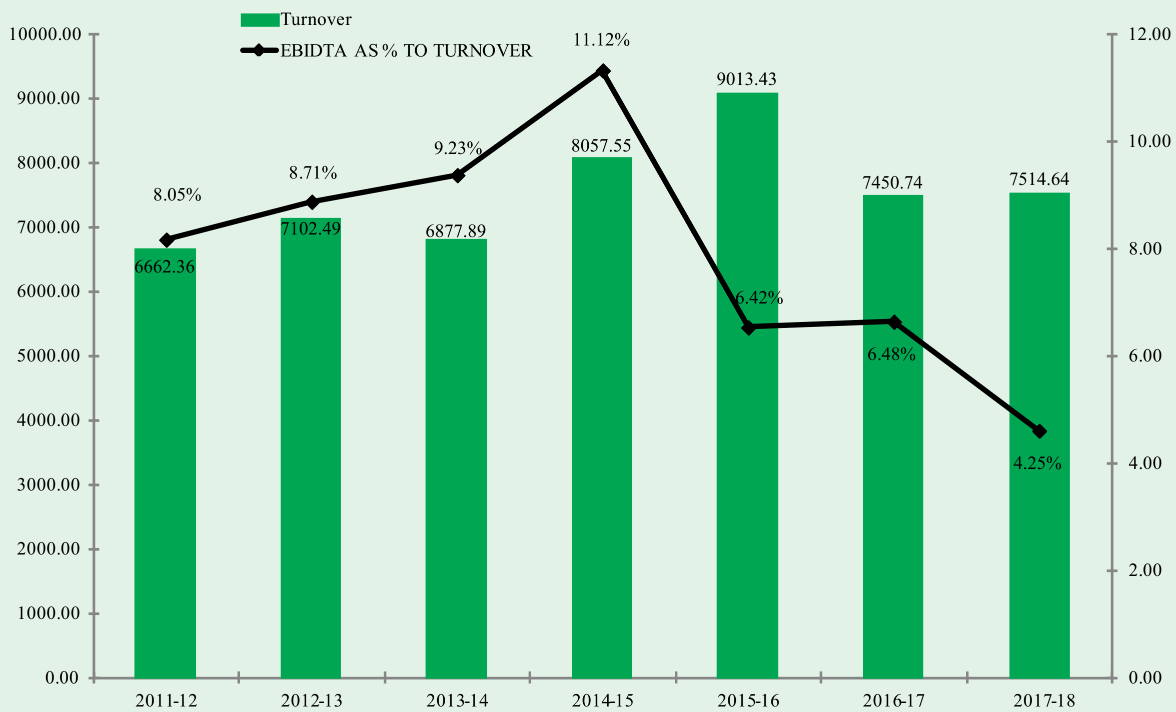
CAPITAL EMPLOYED & NET WORTH (₹ CRORE)



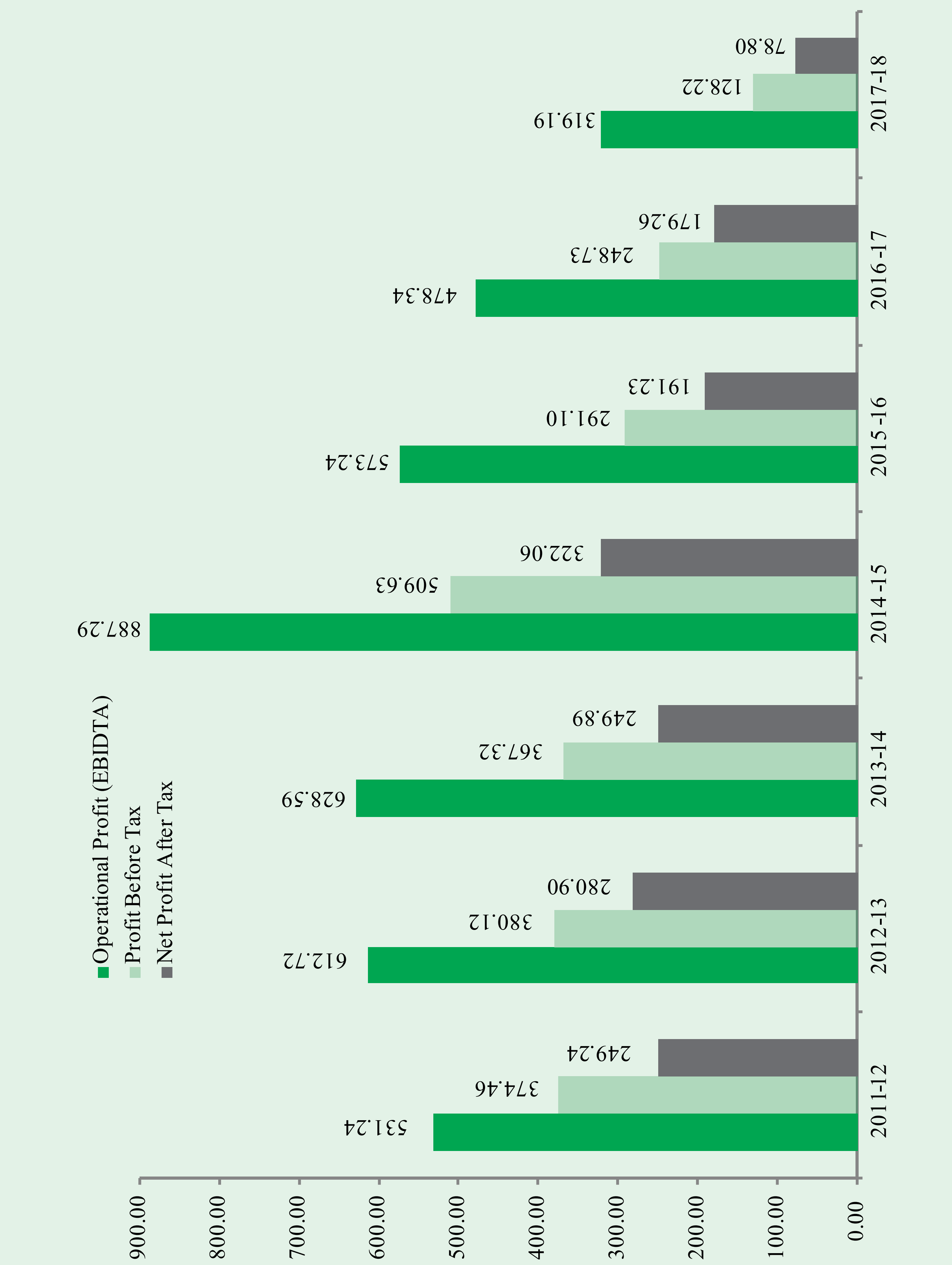
EARNINGS & DIVIDEND PER SHARE (₹)



EBIDTA AS A PERCENTAGE TO TURNOVER (₹ CRORE)



OPERATIONAL PROFIT (EBIDTA), PBT AND PAT (₹ CRORE)



RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

[CIN: L24110MH1978GOI020185]
Registered Office: "Priyadarshini", Eastern Express Highway, Sion, Mumbai - 400 022.
Phone: 022-24045024/ Fax:022 24045022, Email Id: investorcommunications@rcfltd.com,
Website: www.rcfltd.com

40th Annual General Meeting, Friday, 21st September, 2018

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s)	
Registered Address	
Email Id	
Folio No./Client ID*	
DP ID*	

* Applicable for members who are holding shares in dematerialized form.

I/We, being the member(s) of …………. Shares of the above named Company, hereby appoint

1. ………………………of…………….……………….. having email id………….................................. or failing him
2. ………………………of…………….……………….. having email id………….................................. or failing him
3. ………………………of…………….……………….. having email id………….................................. or failing him

And whose signature are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at 40th Annual General Meeting of the Company to be held on Friday, the 21st September, 2018 at 3.00 P.M. at "Sivaswamy Auditorium", The Fine Arts Society, Fine Arts Chowk, RC Marg, Chembur, Mumbai 400 071 and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolutions
	ORDINARY BUSINESS:
1	To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) of the Company for the year ended 31st March, 2018, including Profit & Loss Statement for the year ended 31st March, 2018 and Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2	To declare dividend on equity share capital for the financial year 2017-18
3	To appoint a Director in place of Ms Alka Tiwari (DIN: 03502306), who retires by rotation and being eligible, offers herself for reappointment.
4	To fix remuneration of Statutory Auditors for the Financial Year 2018-19
	SPECIAL BUSINESS:
5	To appoint Shri Umesh Vasant Dhatrak (DIN 07718394) as Chairman & Managing Director of the Company
6	To appoint Shri Sudhir D. Panadare (DIN 07933191) as Director (Technical) of the Company
7	To appoint Shri Umesh Dongre (DIN 08039073) as Director (Finance) of the Company
8	To appoint Ms Gurveen Sidhu (DIN 08121526) as Director of the Company
9	Approval of Cost Auditors remuneration for the financial year 2018-19
10	To approve offer or invitation to subscribe to Secured Non-Convertible Debentures on private placement.

Signed this ________________________ day of _____ 2018

____

Signature of Member

Affix Revenue Stamp of ₹ 1

Sign across the revenue stamp

______________________________ ______________________________ ______________________________

(Signature of the First Proxy holder) (Signature of the Second Proxy holder) (Signature of the third Proxy holder)

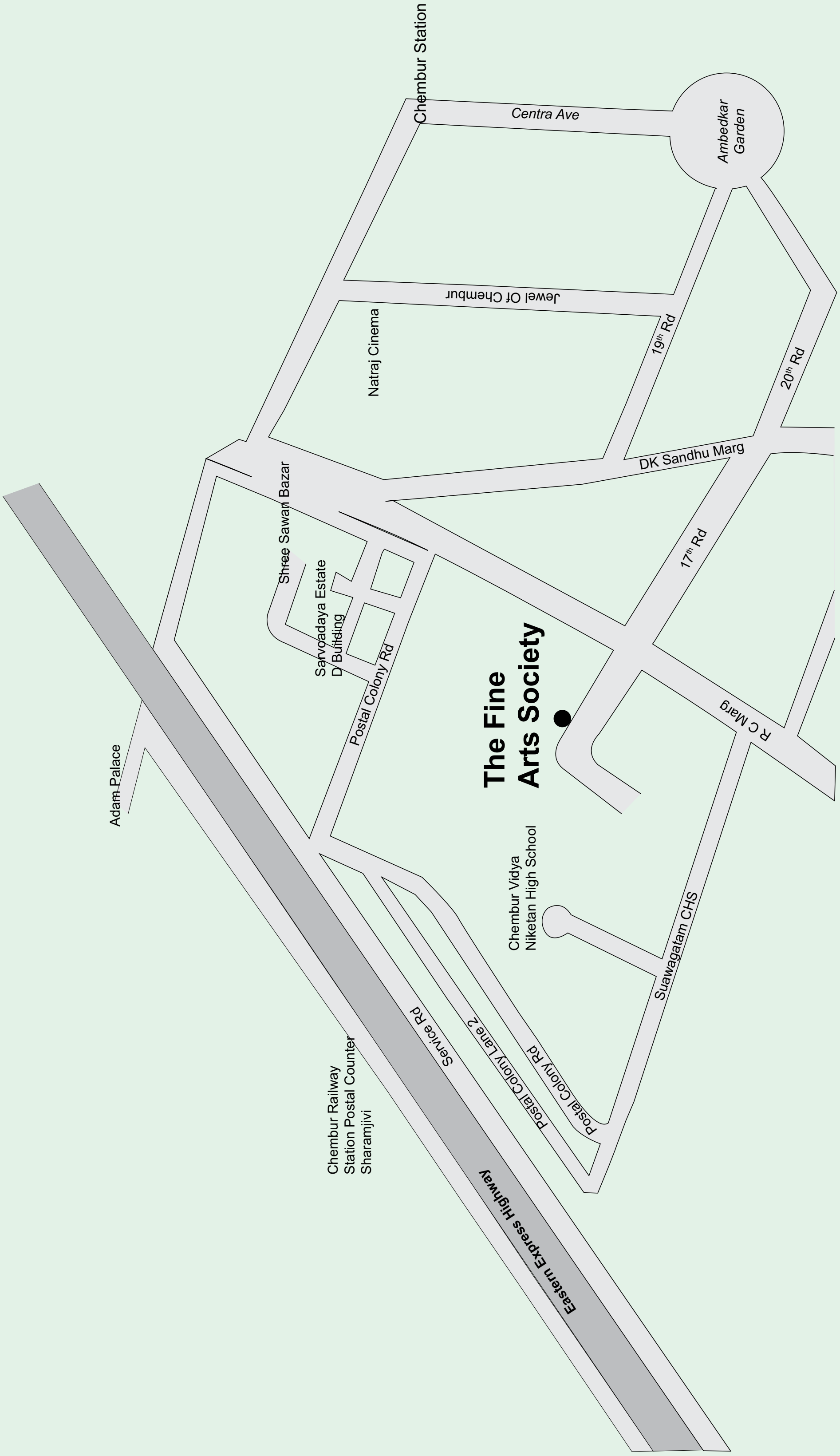
Note:

(i) This Form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at "Priyadarshini", Eastern Express Highway, Sion, Mumbai- 400 022, not later than 48 hours before the commencement of this meeting.

(ii) Those Members who have multiple folios with different joint holders may use copies of this Proxy Form.

Route map to the Venue of the AGM

"Sivaswamy Auditorium",
The Fine Arts Society,
Fine Arts Chowk,
RC Marg, Chembur,
Mumbai 400 071,
Maharashtra, India.



TOLIC AWARD

Shri Suresh Warior, Chairman & Managing Director (Add. Charge) & Director(F) receiving Town Official Language implementation Committee winning award of 2016-17 in TOLIC Meeting at Word Trade Centre Mumbai held on 21st July, 2017.

CFBP- JAMNALAL BAJAJ UCHIT VYAVAHAR PURASKAR

Shri Umesh V. Dhatrak, Chairman & Managing Director, RCF receiving CFBP- Jamnalal Bajaj Uchit Vyavahar Puraskar for Fair Business Practices at the hands of Ms Arundhati Bhattacharya, Chairperson, SBI.

Rashtriya Chemicals and Fertilizers Limited

(A Government of India Undertaking)

Let us grow together

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

Website: www.rcfltd.com