56th ANNUAL REPORT

2017 - 18

PUSHING STANDARDS BEYOND BOUNDARIES

Redefining Boundaries with Refined Ideas

Sardar Prime Delivery

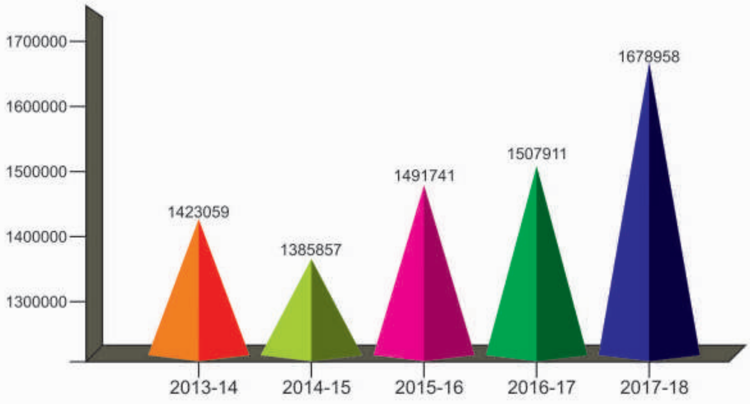
GSFC endeavors to extend best agronomical services to the Farmers besides convenience and economy in their input management. With a view to facilitate the Farmers of Gujarat, a unique initiative was taken for the first time in the history of Indian fertilizers industry. Under the "Sardar Prime Delivery" initiative, fertilizers are being delivered at the doorstep of the Farmers. In this Door To Door (D2D) scheme, a truckload of fertilizers is directly supplied to the ordering Farmer in any village of Gujarat on a priority basis directly from the manufacturing location. The deliveries under the "Sardar Prime Delivery" are free of logistics cost to the Farmers. The Company is considering delivery of multiple agro products/fertilizers in a single Truck/fleet under D2D programme.

Fertilizer Vending Machine

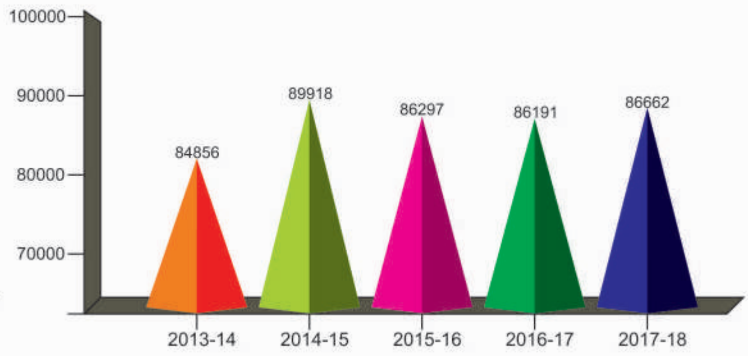
GSFC is surging ahead on the power of innovation. The launch of Fertilizer Vending Machine to cater to the needs of small and marginal Farmers is one such novel idea implemented by the Company. Under this initiative, small and marginal Farmers can buy fertilizers as per their need instead of buying multiple 50kg bags. The objective is to promote balanced nutrient management and control input cost to Farmers.

Performance highlights

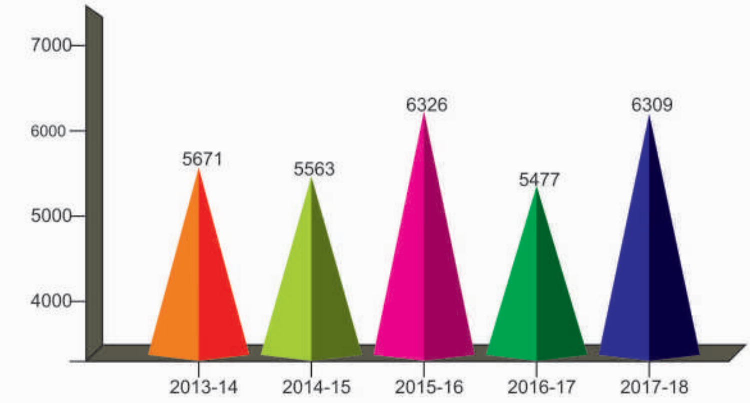
Production (Fertilizers) in MTS



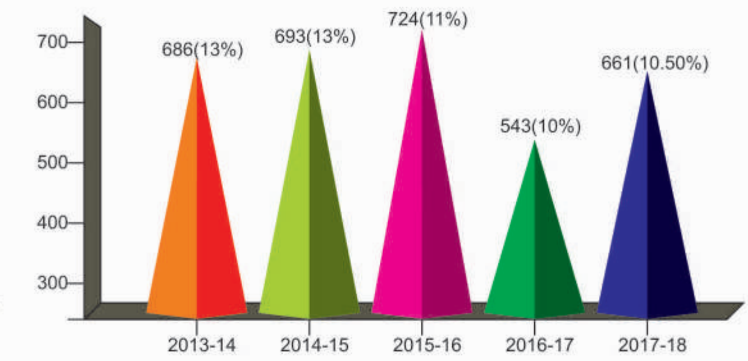
Production (Caprolactum) in MTS



Gross Sales (₹ Crores)

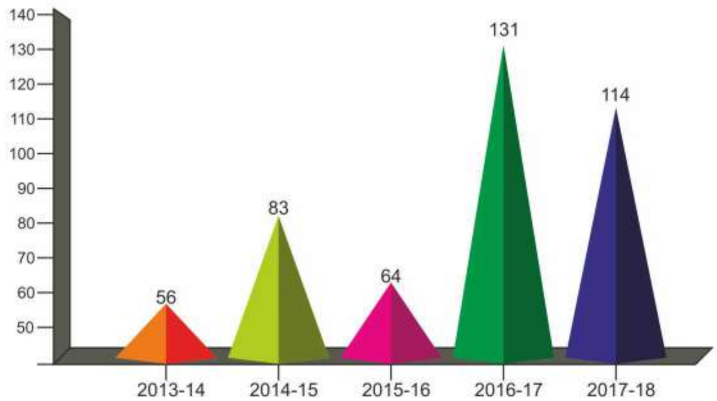


Operating Profit (%) (₹ Crores)

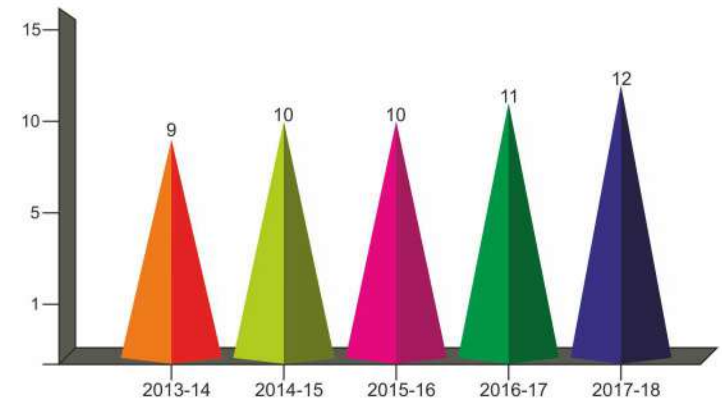


Performance highlights

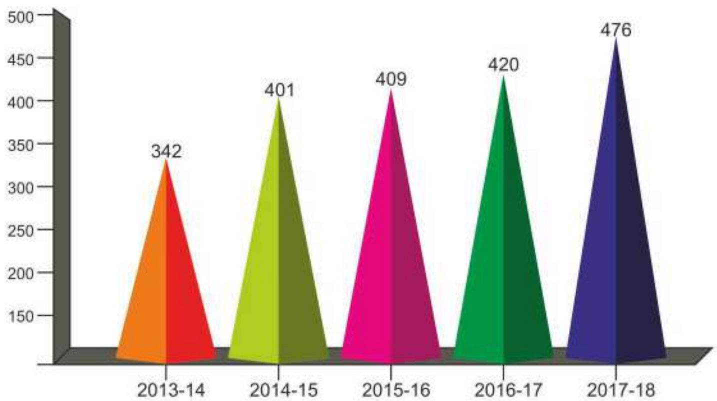
Market Price Per Share
(Face value ₹ 2/- Per Share)
(As on 31st March of Respective Year)



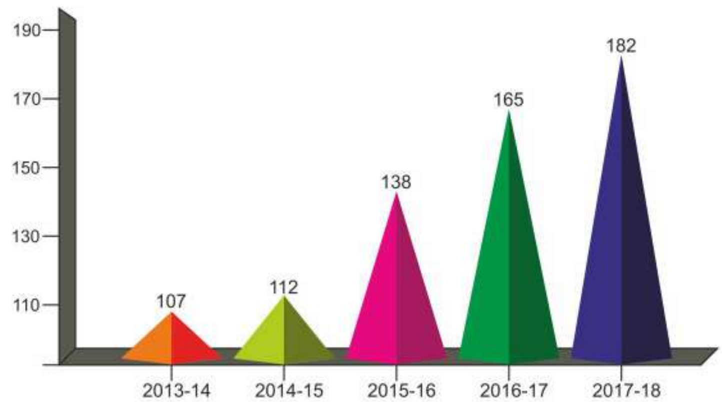
Earning Per Share
(Face Value ₹ 2/- Each)



Profit After Tax
(₹ In Crores)



Book Value Per Share
Amt in Rs. (Face Value ₹ 2/- Each)



GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

[Corporate Identity Number (CIN) : L99999GJ1962PLC001121]

56TH ANNUAL GENERAL MEETING

Date	:	28th September, 2018
Day	:	Friday
Time	:	3.30 p.m.
Place	:	Cultural Centre Auditorium Fertilizernagar Township Fertilizernagar - 391 750 District Vadodara

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REGISTRARS & SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.
B-102 & 103, Shangrila Complex, First Floor,
Opp. HDFC Bank, Near Radhakrishna Char Rasta,
Akota, Vadodara - 390 020.
Phone : (0265) 2356573 / 2366794
Fax : (0265) 2356791
Email : vadodara@linkintime.co.in

REGISTERED OFFICE

Fertilizernagar - 391 750
District Vadodara, Gujarat, India
Phone : (0265) 2242451/651/751
Fax : (0265) 2240966/2240119
Email : ho@gsfcltd.com
Website : www.gsfclimited.com

BOARD OF DIRECTORS *(As on 10-08-2018)*

DR. J N SINGH — *Chairman*
SHRI D C ANJARIA
PROF. VASANT P GANDHI
SHRI AJAY N SHAH
SHRI VIJAI KAPOOR
SMT. GEETA GORADIA
SHRI ARVIND AGARWAL
SHRI RAJ GOPAL
SHRI SUJIT GULATI — *Managing Director*

MANAGEMENT TEAM

EXECUTIVE DIRECTOR (FINANCE) & CFO

SHRI V D NANAVATY

EXECUTIVE DIRECTOR (AGRI BUSINESS)

SHRI S P YADAV

SR. VICE PRESIDENTS

SHRI H D DALASANIA
SMT A P GANGULI
SHRI S V VARMA
SHRI A K JAUHARI
SHRI B B BHAYANI
SHRI D B SHAH
SHRI D N THAKKER
SHRI D K GANDHI
SHRI M GARG
SHRI S J PARIKH
SHRI H N GURJAR
SHRI S P BHATT
SHRI D V PATHAKJEE

VICE PRESIDENT

SHRI S H PUROHIT

COMPANY SECRETARY & SR. VICE PRESIDENT (LEGAL & GST)

CS V V VACHHRAJANI

BANKERS

Bank of Baroda
Central Bank of India
Bank of India
Dena Bank
Indian Bank
Vijaya Bank
Yes Bank Ltd.
State Bank of India
Indian Overseas Bank
Axis Bank Ltd.
The Hongkong and Shanghai Banking Corporation Ltd.

LEGAL ADVISORS AND ADVOCATES

Nanavati Associates, Advocates, Ahmedabad
Trivedi & Gupta, Advocates, Ahmedabad
Jaideep B. Verma, Advocate, Vadodara

STATUTORY AUDITORS

M/s T R Chadha & Co., LLP, Ahmedabad

COST AUDITORS

M/s. A. G. Dalwadi & Company, Ahmedabad

SECRETARIAL AUDITORS

Niraj Trivedi, Vadodara

FOR MEMBERS' ATTENTION

1 The Register of Members and the Share Transfer Books of the Company shall remain closed from Thursday, the 13th September, 2018 to Friday, the 28th September, 2018 (both days inclusive) for the purpose of ascertaining the entitlement for payment of dividend.

2 Dividend, upon its declaration at the meeting, will be paid on Equity Shares of the Company on or after 04th October, 2018, to those members whose names shall appear on the Register of Members of the Company on the Book Closure date.

3 To make the payment of dividend through ECS or to print Bank particulars of the members on the dividend warrants, members are requested to furnish their Bank particulars viz. Name of Bank with its branch and address, Bank A/c. No., 9 Digit MICR Code appearing on the MICR cheque issued by the Bank etc. Please also send a copy of the MICR Cheque together with Bank particulars to the Company latest by 13th September, 2018.

The shareholders who hold shares in electronic form are requested to furnish their Bank particulars as aforesaid to their Depository Participant (DP) by the stipulated date.

4 Members are requested to quote Folio Number or DP ID and Clients ID No. (in case of shares held in demat forms) in all correspondence and also to bring with them the Attendance Card which may be submitted at the entrance gate duly signed.

5 Members who are registered under two or more Ledger Folios are requested to write to the Registrars and share Transfer Agent of the Company for consolidation, giving particulars of such Folios along with the relevant Share Certificates.

6 Members holding shares in the Dematerialized Form are requested to intimate changes, if any, in respect of their Bank details, Mandate instructions, Nomination, Power of Attorney, Change of Address, Change of Name etc. to their Depository Participant (DP).

7 Ministry of Corporate Affairs (MCA) has taken a commendable decision for promoting and implementing "Green Initiatives in the Corporate Governance" by permitting paperless compliances by Companies and has issued Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively clarified that a company would be deemed to have complied with the provisions of Section 53 and 219(1) of the Companies Act, 1956, if documents like notices, annual reports, etc. are sent in electronic form to its Members.

Keeping in view the underlying theme, we also propose to join the bandwagon and accordingly, the said documents of the Company for the financial year ended March 31, 2018 and onwards will be sent in electronic form to those members who have registered their e-mail address with their Depository Participants (DP) and made available to the Company by the Depositories.

However, in case a Member wishes to receive a physical copy of the said documents, he is requested to send e-mail to gogreen@gsfcltd.com duly quoting his DP ID and Client ID or the Folio No., as the case may be.

Members holding shares in physical form are requested to submit their e-mail address to the Registrars & Transfer Agent of the Company, duly quoting their Folio No. Members holding shares in electronic form, who have not registered their e-mail address with their DP are requested to do so at the earliest, so as to enable the Company to send the said documents in electronic form, thereby supporting the "Green Initiatives" taken by MCA and the Company's desire to participate in such initiatives. Please note that the said documents will be uploaded on the website of the Company viz. www.gsfclimited.com and made available for inspection at the Registered Office of the Company during business hours.

8 Members are requested to send their queries, if any, at least seven days in advance of the meeting so that the information can be made available at the meeting.

9 As a measure of economy, the Company does not distribute the copies of Annual Report at the Meeting. Members, therefore, are requested to bring their copies with them.

Very Important

- **Members / Proxy are requested to show their Photo Identity Card at the entry point along with the Attendance Slip duly signed by self/the proxy, failing which the entry to the Annual General Meeting shall be denied.**
- **No bags or belonging shall be permitted to be carried inside the venue of Annual General Meeting.**
- **Carrying the Camara inside the venue of Annual General Meeting is strictly prohibited.**
- **The Members may kindly note that this is being done for the security reason.**

NOTICE

NOTICE is hereby given that the **Fifty-sixth Annual General Meeting** of the Members of the Company will be held at the Cultural Centre Auditorium situated at the Registered Office of the Company at P. O. Fertilizernagar, Vadodara-391750 on **Friday, the 28th September, 2018 at 3.30 pm** to transact the following business:

Ordinary Business

1. To receive, consider and adopt:

   a) The Audited Financial Statements of the Company for the Financial Year ended March 31, 2018, the Reports of the Board of Directors and Auditors thereon; and

   b) The Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2018.

2. To declare Dividend on Equity Shares.

3. To appoint a Director in place of Shri Arvind Agarwal, IAS (DIN 00122921), who retires by rotation and being eligible, offers himself for re-appointment.

Special Business

4. To approve the remuneration of the Cost Auditors for the Financial Year ending 31st March, 2019 and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactment thereof, for the time being in force), M/s A G Dalwadi & Company, Cost Accountants, Ahmedabad (Firm Registration No. 100071), appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2019 be paid the remuneration of Rs. 4,80,000/- plus applicable taxes and reasonable out of pocket and traveling expenses."

5. To appoint Shri Sujit Gulati (DIN 00177274), IAS as Managing Director of the Company and to approve terms & conditions of remuneration & perquisites of Shri Sujit Gulati, IAS and in this regard, to consider and if thought fit, to pass the following resolution with or without modification(s), as an **Ordinary Resolution**:

   RESOLVED that subject to the provisions of Section 196, 197 and any other applicable provisions read with Schedule V of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) , the Company hereby accords its consent and approval to the appointment of Shri Sujit Gulati (DIN 00177274), IAS as Managing Director of the Company on the terms & conditions of remuneration and perquisites as set out in the explanatory statement annexed hereto.

   FURTHER RESOLVED that the remuneration, benefits and perquisites as set out in the explanatory statement shall be paid and allowed to him as minimum remuneration notwithstanding the absence/ inadequacy of profit in the year.

   FURTHER RESOLVED that the Board of Directors are hereby authorized to approve any revision/ modification to the remuneration, perquisites or terms & conditions as may be communication by the Government from time to time during the continuity of his appointment.

   FURTHER RESOLVED that so long as Shri Sujit Gulati, IAS functions as Managing Director of the Company, he shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

By Order of the Board
Sd/-
CS V. V. Vachhrajani
Company Secretary &
Sr. Vice President (Legal & GST)

Place: Fertilizernagar
Date : 10/08/2018

NOTES

1. ***A MEMBER ENTITLED TO ATTEND AND VOTE AT 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.***

   A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights.

   Please bring your copy of Annual Report and attendance card at the meeting. Persons other than members or proxy will not be allowed to attend the meeting.

2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 is annexed hereto.

3. As required under the Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of Central Government) Rules, 1978, the Company hereby informs its Members that all unpaid/ unclaimed dividends declared for and up to the Financial Year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies (Gujarat), Housing Board Building, Opp. Roopal Park Society, Ankur Char Rasta, Naranpura, Ahmedabad - 380 013.

   Members are requested to note that pursuant to the provisions of Section 124 and other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof) and Rules made thereunder the dividend remaining unclaimed/ unpaid for a period of seven years from the date of transfer to the "Unpaid Dividend Account" shall be credited to the Investor Education and Protections Fund (Fund) set up by the Central Government. Accordingly, the unclaimed dividends for the Financial Year ended 31-03-1995 to 31-03-1999 and 31-03-2005 to 31-03-2010 has been transferred to the said fund.

4. **Details of dividend to be transferred to Investors' Education & Protection Fund (IEPF):**

Dividend No.	Financial Year	Date of Declaration	Due for transfer to IEPF on
37	2010-11	17-09-2011	18-10-2018
38	2011-12	04-08-2012	04-09-2019
39	2012-13	03-08-2013	03-09-2020
40	2013-14	08-08-2014	07-09-2021
41	2014-15	16-09-2015	17-10-2022
42	2015-16	17-09-2016	18-10-2023
43	2016-17	16-09-2017	17-10-2024

   Members who have not yet encashed their dividend warrant (s) for the Financial Year ended 31-03-2011 to 31-03-2017, are requested to lodge their claims to the Company accordingly, without any delay.

   Pursuant to Sections 124 and 125 of the Companies Act, 2013 read with Rule 6 of Investor Education & Protection Fund Authority (Accounting, Audit, Transfer & Refund) Amendment Rules, 2017, the Company is mandated to transfer all such shares in respect of which dividend amount remains unclaimed/ unpaid for a consecutive period of seven years or more, in the name of "Investor Education and Protection Fund Suspense Account" (IEPF) Demat Account to be opened by the IEPF Authority. In this regard, we have informed all those members vide our letter dated 16/02/2017, requesting to claim their dividend amount for a consecutive period of seven years from financial year 2009-10. Now, in compliance of Rule 6 as referred above, the Company shall be required to transfer equity shares of such investor to IEPF Authority, in case the unclaimed dividend is not claimed. The due date of transfer of such shares to IEPF Authority was 31.05.2017 as per MCA Circular dated 28/02/2017 which have now been extended till further amended. We therefore, requested to claim your unclaimed/ unpaid dividend amount as soon as possible, failing which the subject shares shall be transferred to IEPF Authority. We would like to draw your attention that subsequent to transfer of such shares to IEPF Authority, all future benefits if any, (except right issue) which may accrue on subject shares including dividend will be credited to IEPF Demat Account. Further, in terms of Rule 7 of the said Rules, shareholder may claim his shares from IEPF Authority by filing an online application in Form IEPF-5 which is available on IEPF website: www.iepf.gov.in. The IEPF Shares Register showing the name of shareholders whose shares are liable to be transferred to IEPF Suspense Account is made available on Company's website: www.gsfclimited.com. For any further clarifications/ information, you may contact the Company Secretary.

5. Relevancy of questions and the order of speakers at the meeting shall be decided by the Chairman.

6. Voting through electronic means

a. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by Companies (Management and Administration) Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide to its members facility to exercise their right to vote by electronic means on resolutions proposed to be passed in the Meeting by electronic means through remote e-voting. The members may cast their votes using an electronic voting system from a place other than the venue of the meeting ('remote e-voting').

b. The facility of poll shall be made available at the meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to vote at the meeting through poll.

c. The members who have casted their votes by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.

d. The company has engaged the services of Central Depository Services Limited (CDSL) as the agency to provide e-voting facility.

e. The Board of Directors of the Company has appointed Shri Niraj Trivedi, a Practicing Company Secretary, Vadodara as Scrutinizer to scrutinize the poll and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the same.

f. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/ beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. September 21, 2018.

g. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. September 21, 2018 only shall be entitled to avail the facility of remote e-voting/ poll.

h. Any person who becomes a member of the company after dispatch of the Notice of the meeting and holding shares as on the cut-off date i.e. September 21, 2018, may cast their votes by following the instructions and process of remote e-voting as provided in the Notice of the AGM uploaded at our website www.gsfclimited.com and CDSL website: www.evotingindia.com**. If the member is already registered with CDSL e-voting platform then he can use his existing user ID and password for casting the vote through remote e-voting.**

i. The remote e-voting facility will be available during the following period:

Commencement of remote e-voting: from 9.00 A.M. on September 25, 2018

End of remote e-voting: up to 5.00 P.M. on September 27, 2018.

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by CDSL upon expiry of aforesaid period.

j. The scrutinizer, after scrutinizing the votes cast at the meeting (poll) and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.gsfclimited.com and on the website of the CDSL www.evotingindia.com. The results shall simultaneously be communicated to the stock exchange.

k. Subject to receipt of requisite number of votes, the Resolution shall be deemed to be passed on the date of the Meeting, i.e. September 28, 2018.

l. Instructions and other information relating to remote e-voting:

(i) Log on to the e-voting website www.evotingindia.com

(ii) Now click on "Shareholders" tab to caste your vote.

(iii) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(iv) Next enter the Image Verification as displayed and Click on Login.

(v) 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.

(vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
Permanent Account Number (PAN)	Enter your 10 digit alpha-numeric PAN* issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) * For Members holding shares in demat / physical form and have not updated their PAN with the Company/ Depository Participant are requested to use the 10 digits sequence number. The Sequence Number is printed on address sticker pasted on Annual Report.
DOB #	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

(vii) After entering these details appropriately, click on “SUBMIT” tab.

(viii) Members holding shares in physical form will then reach directly to 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.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the E- Voting Sequence Number (EVSN) 180817025 along with “Gujarat State Fertilizers & Chemicals Limited” from the drop down menu and click on “SUBMIT”

(xi) 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.

(xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

(xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

(xvi) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) Shareholders can also use Mobile app - “m-Voting” for e voting. m-Voting app is available on IOS, Android & Windows based Mobile. Shareholders may log in to m-Voting using their e voting credentials to vote for the company resolution(s).

(xviii) Note for Non – Individual Shareholders and Custodians;

a) 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.

b) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

c) 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.

d) 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.

e) 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.

(xix) 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.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM No. 04

The Board on recommendation of the Audit Committee has approved the appointment of and subject to the consent of members, approved the remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending on March 31, 2019 at a fee as proposed in the resolution.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for payment of remuneration to the Cost Auditors by passing an ordinary resolution as set out at item no. 4 of the notice for the Financial Year ending March 31, 2019.

Your Directors recommend the proposed resolution for your approval.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 05:

As per Govt. of Gujarat Order No.AIS/35.2018/24/G dated 12/07/2018, Shri Sujit Gulati, IAS is appointed as Managing Director of the Company vice Shri A M Tiwari, IAS. Shri Sujit Gulati assumed charge of the Company on 13/07/2018 (afternoon) as Managing Director.

Shri Sujit Gulati, IAS, is an Additional Chief Secretary rank IAS Officer and presently Managing Director, Gujarat State Fertilizers & Chemicals Ltd., Vadodara. Shri Gulati is having varied and rich experience and has served as in Ministries of Coal, Mines, Sports & Youth Affairs and Textiles of Government of India. He held key positions in various Departments of Government of Gujarat like Industry, Finance, Energy & Petrochemicals, Geology and Mining, Rural Development, Panchayat, Transport, Information Technology, Labour, etc. besides serving as Director on Boards of various companies. Shri Gulati is a Mechanical Engineer and an Indian Administrative Officer of Gujarat Cadre since 1985.

Govt. of Gujarat vide resolution no. GSF/1098/1620/E dated 07/08/2018 prescribed the terms & conditions as to remuneration that shall be admissible to Shri Sujit Gulati which is as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

In terms of Schedule V and other applicable provisions of the Companies Act, 2013, the appointment of Shri Sujit Gulati as Managing Director and payment of remuneration to him requires the approval of shareholders in the General Meeting. He does not hold any shares in the Company in his name.

The terms & conditions of appointment and particulars of remuneration and perquisites paid/ admissible to Shri Sujit Gulati (DIN 00177274) are as follows:-

1. Period of Duration:

   Shri Sujit Gulati, IAS, is appointed on deputation as Managing Director of Gujarat State Fertilizers & Chemicals Co. Ltd., Vadodara with effect from the date he assumed the charge of the said post until further orders.

2. Pay:

   During the period of Deputation, Shri Sujit Gulati, IAS will be eligible to draw his pay in the grade of ACS to Government by virtue of equation of the post of Managing Director of Gujarat State Fertilizers & Chemicals Ltd., Vadodara with the IAS Cadre post of Additional Chief Secretary to Government vide GAD Resolution No. AIS/30.2016/Eq-793272/G dated 20th February, 2016.

3. Dearness Allowance:

   Shri Sujit Gulati, IAS will be eligible to draw Dearness Allowance at such rate as may be prescribed by the State Government from time to time.

4. City Compensatory Allowance:

   Shri Sujit Gulati, IAS will be eligible to draw city Compensatory Allowance as per the rules applicable to the IAS Officer working in connection with the affairs of the State.

5. License fee for residential accommodation:

   Shri Sujit Gulati, IAS would be required to pay 10% of the pay plus DA/DP & CCA or the prescribed license fee for similar class of accommodation in the State Government, whichever is lower.

6. Transfer TA/Joining Time:

Shri Sujit Gulati, IAS will be entitled to Transfer TA and Joining Time under the rules of organization to which he is deputed. Facility of transfer TA shall not be inferior to the relevant provisions as applicable to IAS officers working under the Gujarat Government. The expenditure on this account will be borne by the organization.

7. TA and DA Journey on duty:

Shri Sujit Gulati, IAS will be paid Travelling Allowance and Daily Allowance by the borrowing organization under the Rules of the borrowing organization for the journey undertaken by him in connection with the official work under that organization. While undertaking foreign visits by the official, the instructions contained in GAD Circular No. AIS/109/1720/G dated 17/04/1999, as amended from time to time, will be applicable for the purpose of drawl of per diem and in other matters.

8. Medical Facilities:

The borrowing organization shall afford to Shri Sujit Gulati, IAS, the medical services facilities as per the Rules of the borrowing organization but shall not be inferior to those admissible to an All India Service Officer of his rank and seniority under the All India Services (Medical Attendance) Rules, 1954.

9. Leave and Pension:

During the period of deputation, Shri Sujit Gulati, IAS will continue to be governed by the All India Service (Leave) Rules, 1955 and the All India Services (DCRB) Rules, 1958. The entire expenditure in respect of leave taken during and at the end of deputation shall be borne by the borrowing organization.

10. Provident Fund:

During the period of Foreign Service Shri Sujit Gulati, IAS will continue to subscribe to the All India Services (Provident Fund) Scheme/ contributory Provident Fund Scheme to which he was subscribing at the time of proceeding on Foreign Service in accordance with the rules of such Fund/ Scheme.

11. Conduct, Discipline & Appeal Rules:

During the period of Foreign Service, Shri Sujit Gulati, IAS shall continue to be governed by All India Services (Conduct) Rules, 1968 and the All India Services (Discipline & Appeal) Rules, 1969.

12. Leave Travel Concession:

The Gujarat State Fertilizers & Chemicals Ltd., Vadodara shall allow Leave Travel Concession to Shri Sujit Gulati, IAS as admissible to him under the All India Services (LTC) rules, 1975. The whole expenditure in this regard will be borne by the borrowing organization.

13. Disability Leave:

The Gujarat State Fertilizers & Chemicals Ltd., Vadodara will be liable to pay leave emoluments in respect of disability leave, if any granted to Shri Sujit Gulati, IAS on account of any disability incurred in and through Foreign Service even though such disability manifests itself after termination of the Foreign Service. The relevant AIS rules will be applicable in such cases.

14. Leave Salary/ Pension Contribution:

Shri Sujit Gulati, IAS shall not be permitted to join the Pension Schemes of the borrowing organization under any circumstances. The entire expenditure in respect of pension and leave salary contribution for the period of deputation shall be borne by the borrowing organization failing which by the officer himself.

The organization will pay to the Government the leave salary and pension contribution at the rates force from time to time in accordance with the orders issued by the President under FR 116. The payment of these contributions must be paid annually within 15 days from the end of each financial year or at the end of Foreign Services, if deputation expires before the end of a financial year. Delayed payment will attract liability of payment of interest in the terms of instructions contained in the Ministry of Finances' Notification No. F.1 (1)/ E.III/83 dated 10th August, 1983, as amended from time to time. Pending intimation of the rates of leave salary and pension contributions by the Accountant General, Gujarat, Rajkot/Ahmedabad, the organization shall pay leave salary and pension contribution provisionally at the prescribed rates.

15. Group Insurance:

Shri Sujit Gulati, IAS will be governed by the All India Services Group Insurance Rules, 1981. The amount deducted from his salary as per the prescribed rates as subscription towards the Central Government Employees Group Insurance Scheme, 1980 shall be remitted to the concerned Accountant General, Gujarat, Rajkot/ Ahmedabad by the organization. If at any time, the recovery of subscription falls in arrears, the same shall be recovered with interest admissible under the Scheme on the accretions to the Saving Fund.

16. Residuary Matters:

In all matters relating to conditions of service and benefits/ facilities and perquisites in the borrowing organization not covered by items 1 to 15 above, Shri Sujit Gulati, IAS shall be governed by the provisions of AIS (Conditions of Services Residuary Matters) Rules.

The above mentioned terms & conditions would be applicable till Shri Sujit Gulati, IAS so long as he remains on deputation with the Company and upon its reversal, he will be governed by the relevant rules laid down for All India Services Officers in this regard.

The Appointment of Shri Sujit Gulati and the remuneration and perquisites payable to him are in accordance with Schedule V to the Companies Act, 2013. Shri Sujit Gulati has long and extensive experience in Government Service. Accordingly, the directors recommend this resolution for your consent and approval.

Except Shri Sujit Gulati, IAS, none of the Directors/ Key Managerial Personnel of the Company/ their relatives is, in anyway, concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may also be regarded as a disclosure of the terms and conditions of remuneration etc. as required in terms of Listing Agreement entered into under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with Stock Exchanges.

By Order of the Board
Sd/-
CS V. V. Vachhrajani
Company Secretary & Date:
Sr. Vice President (Legal & GST)

Place: Fertilizernagar
Date : 10/08/2018

BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT

Name in Full & DIN	Shri Sujit Gulati, IAS (DIN 00177274)	Shri Raj Gopal, IAS (DIN 02252358)	Shri Arvind Agarwal, IAS (DIN 00122921)
Birth Date	22/11/1959	29/01/1959	23/04/1960
Qualification	Mechanical Engineer, IAS	Masters in Arts (German Language), M.B.A., Graduated in Law, IAS	B.Com. (Accountancy), M.Com., IAS
Status	Executive Nominee Director (Govt. of Gujarat) - Managing Director	Non-Executive Rotational Director	Non-Executive Rotational Director
Date of Appointment	Director since 28/07/2016 and was nominated as Managing Director with effective from 13.07.2018	08/08/2018	04/06/2018
Shareholding in GSFC Ltd.	Nil	Nil	Nil
Other Directorship	1. Gujarat Narmada Valley Fertilizers & Chemicals Limited 2. Indian Potash Limited 3. Gujarat Arogya Seva Private Limited 4. Gujarat Green Revolution Company Limited 5. Gujarat Power Corporation Limited 6. GSPC LNG Ltd.	1. Gujarat Urja Vikas Nigam Limited. 2. Gujarat Energy Transmission Corporation Limited 3. Gujarat State Electricity Corporation Ltd. 4. Gujarat Power Corporation Ltd. 5. Gujarat State Petroleum Corporation Ltd. 6. Gujarat State Petronet Limited 7. Gujarat Gas Limited 8. GSPC LNG Ltd. 9. Gujarat Industries Power Company Ltd.	1. Gujarat Alkalies and Chemicals Limited 2. Gujarat State Petroleum Corporation Limited 3. Sardar Sarovar Narmada Nigam Limited 4. Gujarat State Financial Services Limited 5. Gujarat State Investments Limited 6. Gujarat State Petronet Limited 7. Goods and Service Tax Network 8. Metro-link Express for Gandhinagar and Ahmedabad (MEGA) Co. Ltd. 9. Gujarat International Finance-Tech City Limited (GIFTCL)

BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT (Contd...)

Name in Full & DIN	Shri Sujit Gulati, IAS (DIN 00177274)	Shri Raj Gopal, IAS (DIN 02252358)	Shri Arvind Agarwal, IAS (DIN 00122921)
Brief Profile covering experience	Shri Sujit Gulati, IAS, is an Additional Chief Secretary rank IAS Officer and presently Managing Director, Gujarat State Fertilizers & Chemicals Ltd., Vadodara. Shri Gulati is having varied and rich experience and has served as in Ministries of Coal, Mines, Sports & Youth Affairs and Textiles of Government of India. He held key positions in various Departments of Government of Gujarat like Industry, Finance, Energy & Petrochemicals, Geology and Mining, Rural Development, Panchayat, Transport, Information Technology, Labour, etc. besides serving as Director on Boards of various companies. Shri Gulati is a Mechanical Engineer and an Indian Administrative Officer of Gujarat Cadre since 1985.	Shri Raj Gopal is a 1987 batch IAS Officer and has rich and varied experience of over 30 years of holding key positions in vital Departments of Govt. of Gujarat viz. Revenue, Agriculture & Co-operation, Home, Tourism, Urban Development, Sales Tax, Rural Department, Geology & Mining, Road Transport and Energy. He was Managing Director of Gujarat Urja Vikas Nigam Ltd. (GUVNL), and was also a Director on the Board Gujarat Mineral Development Corporation Limited, Gujarat Industries Power Company Limited, Gujarat Power Corporation Limited, Gujarat State Electricity Corporation Limited, Gujarat State Energy Generation Limited, Gujarat Energy Transmission Corporation Limited, Madhya Gujarat Vij Company Limited, Paschim Gujarat Vij Company Limited, Dakshin Gujarat Vij Company Limited, Gujarat Green Revolution Company Limited, Gujarat Fibre Grid Network Limited.	Shri Arvind Agarwal, IAS, aged 58 years, is a very Senior IAS Officer of Government of Gujarat. He has very rich and varied experience of around 33 years and has held distinguished positions in Government of Gujarat like District Development Officer and Collector - Bharuch, Labour Commissioner, Industries Commissioner, Additional Chief Secretary, Education, Industries & Mines Departments, GoG. He was Managing Director, Gujarat State Financial Corporation Ltd., Vice Chairman & Managing Director, Gujarat Industrial Development Corporation (GIDC). He has rich experience in the field of Finance, Management and Administration. He has authored a Book in Gujarati viz. "Panchayat Parichay". He was awarded as "Best Collector" during his posting in Bharuch. Presently, he is Additional Chief Secretary, Forest & Environment Department and holding the charge of Finance Department, Government of Gujarat.
Committees in which membership/ chairmanship held	Gujarat State Fertilizers & Chemicals Limited 1. Nomination and Remuneration Committee 2. Corporate Social Responsibility (CSR) Committee 3. Stakeholders Relationship Committee 4. Risk Management Committee	Gujarat State Fertilizers & Chemicals Limited 1. Nomination and Remuneration Committee 2. Corporate Social Responsibility (CSR) Committee 3. Stakeholders Relationship Committee 4. Risk Management Committee	Gujarat State Fertilizers & Chemicals Limited 1. Finance-cum-Audit Committee 2. Nomination and Remuneration Committee 3. Corporate Social Responsibility (CSR) Committee

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting their 56th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2018.

1. Financial highlights of the Company

(Rs. in Crores)

Sr. No.	Particulars	Standalone		Consolidated	
		2017-18	**2016-17**	**2017-18**	**2016-17**
1	Gross Sales	6309.27	5476.88	6304.57	5476.88
2	Other Income	94.67	56.64	98.95	56.30
3	Total Revenue	6403.94	5533.52	6403.52	5533.18
4	Less : Operating Expenses	5742.68	4990.28	5739.80	4982.68
5	Operating Profit	661.26	543.24	663.72	550.50
6	Less : Finance Cost	51.35	64.93	51.35	64.92
7	Gross Profit	609.91	478.31	612.37	485.58
8	Less : Depreciation	119.12	103.43	119.45	103.62
9	Exceptional Item	0	0	0	0
10	Profit before Taxes	490.79	374.88	492.92	381.96
11	Taxation				
	- Current Tax	82.08	57.35	85.28	57.76
	- Deferred Tax (net)	49.74	13.84	50.69	15.55
	- Mat Credit recognized	(15.45)	(24.30)	(15.45)	(24.30)
	- Current tax relating to prior years	(101.31)	(91.51)	(101.31)	(91.51)
12	Profit after taxes	475.73	419.50	473.71	424.46
13	Non-Controling Interest	-	-	0.06	-
14	Other comprehensive income arising from re-measurement of defined benefit plan	(2.12)	(55.32)	(2.12)	(55.32)
15	Balance brought forward from last year	243.96	285.29	287.74	324.11
16	Amount available for appropriations	717.57	649.47	759.39	693.25
17	Out of which your Directors have proposed appropriation and transfer as under:				
	a) Proposed dividend on equity shares	87.66	87.66	87.96	87.66
	b) Tax on proposed dividend	17.85	17.85	17.90	17.85
	c) General Reserve	180.00	300.00	180.00	300.00
18	Leaving a balance in the Profit & Loss Account	432.06	243.96	473.53	287.74

2. Dividend

Your Directors are happy to recommend a dividend @ 110%, i.e. Rs. 2.20/- per Equity Share (Face value of Rs. 2/- each) on 39,84,77,530 shares (Previous Year - 110%, i.e. Rs. 2.20 per share on 39,84,77,530 Equity Shares of Rs.2/- each) for the financial year ended 31st March, 2018. The net outgo on account of Dividend shall be Rs. 105.51 Crores including Corporate Dividend Tax. The Dividend shall be paid to those members, whose names shall appear on the Register of Members of the Company on the Book Closure Date i.e. on 13/09/2018.

3. Brief description of the Company's working during the year/ State of Company's affair

Your directors wish to report that your Company has achieved turnover of Rs. 6309.27 Crores for the year ended March 31, 2018 as against Rs. 5476.88 Crores (FY 17-18) on standalone basis, which is higher by 15% (Rs.832.39 Crores) when compared to the previous financial year.

Similarly, for the year under review (FY 2017-18), Profit before Tax (PBT) was Rs. 490.80 Crores and Net Profit (Profit after Tax) was Rs. 475.74 Crores as against PBT of Rs. 374.88 Crores and PAT of Rs. 419.50 Crores for the previous financial year.

4. Material changes and commitments

The Company has not made any material changes or commitments which affect the financial position of the Company between the end of the financial year of the Company to which the financial statements relate and the date of signing of this report.

5. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

There are no such orders except those which have been appropriately challenged before the judiciary and no impact on going concern status and Company's operation in future of such matters are expected or visualised at the current stage at which they are.

6. Details in respect of adequacy of internal financial controls with reference to the Financial Statements.

Your Company has an internal Control System which commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function lies with the Audit Committee of Directors. The Audit Committee monitors and evaluates the efficacy and adequacy of internal control systems, accounting procedures and policies. Based on the report of Internal Auditors, significant audit observations and actions taken on such observations are presented to the Audit Committee of the Board.

7. Details of Subsidiary/Joint Ventures/Associate Companies

During the year under review, Companies listed below are the Subsidiary Company or Associate Companies:

- Subsidiary Company - GSFC Agrotech Limited.
- Associate Companies - Vadodara Enviro Channel Limited
  Gujarat Green Revolution Company Limited
  Gujarat Data Electronics Limited
  Karnalyte Resources Inc.
- Subsidiary of Subsidiary - Gujarat Arogya Seva Private Limited.

There were no new additions/ deletions during the year. A report of the performance and financial position of each of the subsidiaries, associates and joint venture companies as per the Companies Act, 2013 is provided as Annexure - A to the Consolidated Financial Statement and hence not repeated here for the sake of brevity. The Company does not have any material subsidiary in terms of Company's Act, 2013 read with SEBI (Listing Obligation & Disclosure Requirement) Regulations.

8. Listing of Shares & Depositories

The Equity Shares of your Company are listed on the BSE Limited (BSE) and National Stock Exchange of India Ltd. (NSE). As approved by the shareholders, an application for voluntary delisting of Equity Shares from Calcutta Stock Exchange Association Ltd., Kolkatta, was made, however, the approval for delisting is still awaited. The listing fee for the FY 18-19 has been paid to both the Stock Exchanges.

Your Directors wish to state that the Equity Shares of your Company are compulsorily traded in dematerialized form w.e.f. 26/06/2000. Presently, 97.42% of shares are held in electronic/ dematerialized form.

9. Report on Corporate Governance And Management Discussion And Analysis Report To Shareholders

Your Company has complied with all the mandatory requirements of Corporate Governance norms as mandated by SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

A separate report on Corporate Governance together with the Certificate of M/s. S. Samdani & Associates, Company Secretaries, Vadodara forms part of this Annual Report. The Management Discussion & Analysis report also forms part of this Annual Report.

10. Business Responsibility Reporting

Business Responsibility Report is enclosed as Annexure 'F' to this Annual Report as required under Regulation 34(2) (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

11. Fixed Deposits

During the year 2017-18, your Company has not accepted/ renewed any Fixed Deposit. Your Directors wish to report that there are **2** Fixed Deposits aggregating Rs. **0.25** Lacs which have remained unclaimed by Depositors, as on 31st March, 2018. Letters reminding them to seek repayment have been sent. Upto and including the date of this report, **0** deposits amounting to Rs **0** Lacs have been repaid.

During the year, the Company has transferred a sum of Rs. **2.40** Lacs being the unclaimed deposits and interest amount thereon to the Investors' Education and Protection Fund (IEPF) as required in terms of Section 125 of the Companies Act, 2013. The Company has discontinued accepting new deposits since 15.11.2005, and renewing the deposits since 31.03.2009.

12. Insurance

All the properties and insurable interests of the Company, including the buildings, plant & machinery and stocks have been adequately insured. Also, as required under the Public Liability Insurance Act, 1991, your Company has taken the appropriate insurance cover.

13. Expansion & Diversification

Caprolactam Quality project (CQ project) was successfully commissioned on 25th February 2018 and officially inaugurated on 28th February 2018. This project is for improvement of quality of extract Caprolactam made Caprolactam-I Plant of GSFC to produce international grade Caprolactam enhancing its quality. GSFC replicated existing Lactam Section of Caprolactam-I Plant which was commissioned in the year 1992 on BASF technology and carried out their role as a Licenser of the process legally. The project is capable of production of 50000 MTPA International grade Caprolactam from Caprolactam extract. M/s Simon India Limited was awarded the contractor this plant on EPC. The total project cost of CQ Project is @ 71 Crores including taxes. This project is only one of its kinds in India for import substitute product in petrochemical industry.

The plant started producing International grade Caprolactam from the very first day of its commissioning underlining GSFC's operational capabilities. At full load capacity of this plant, it is expected to produce @1000 MT of additional Caprolactam from lactam extract and @3500 MT of additional Ammonium Sulphate per annum as byproduct. With the commissioning of this project GSFC expects to improve their profitability significantly. It also improves operational flexibility and consistent quality of international grade Caprolactam.

GSFC has successfully commissioned its Film Grade Nylon-6 (Dry blending unit) Project on 26th February 2018.The plant was officially inaugurated on 28th February 2018.This plant can produce 15 MT per Day of Film Grade Nylon (5000 MT per annum) of varieties like Lubricated Chips, Nucleated chips and Combination of Lubricated and Nucleated chips. This is first of its kind project in India and provides leverage for import substitution.

GSFC had faced a very challenging task of completing this project which was based on PEPC-Germany technology. M/S PEPC-Germany backed out of the project midway due to their poor financial position leaving entire investment of Rs. 15 Crores at stake with a possible long delay. Being a LSTK project, the process recipe was a secret which party did not reveal. GSFC projects execution team developed recipe and Instrumentation logic control along with piping and structural work without drawings of the project and completed mechanically within house efforts in short period. From the first trial production, quality film grade Nylon-6 could be achieved with quantity with negligible hassles endorsing technical capabilities of GSFC Projects execution team.

This plant will provide an edge for selling of Nylon-6 with value added benefit and provide direct import substitution to the country.

- **Projects under development**

➢ **1000 MTPD Phosphoric Acid and 3000 MTPD Sulphuric Acid Plant at Sikka Unit:**

As a part of backward integration, Company is contemplating to install 1000 MTPD Phosphoric Acid and 3000 MTPD Sulphuric Acid Plant on EPC basis at its Sikka Unit. This will reduce the import dependency for sustaining the plant operation on continuous basis for production of Phosphatic Fertilizers at Sikka Unit.

Company is in process of discussions with Phosphoric Acid Process Licensors for supply of Basic Engineering Package based on which the Company proposes to execute the project on EPC basis. The Company is expected to finalise the Licensor by August/September 2018. Simultaneously the Company is in final discussion with Rock Phosphate Suppliers for execution of Memorandum of Understanding (MoU) to ensure availability of rock phosphate on long term basis. Company has already achieved NoC from GPCB for execution.

➢ **Expansion of Sikka Jetty for better utilisation :**

As present Sikka jetty and its associated infrastructure facilities are highly unutilized, Company is contemplating to expand the present jetty for solid handling and handling of other liquid chemicals by developing necessary infrastructure / storage facilities at jetty and Chemical Shore Terminal (CST).

After expansion and development of jetty / CST, Rock Phosphate required for new Phosphoric acid plant and other fertilizers like Urea, DAP for trading purpose will be imported at jetty. Also, other liquid chemicals like Sulphuric Acid / Methanol, Cyclohexane etc. can be imported and stored for captive use / trading purpose.

Company has got done feasibility study for the expansion of Sikka jetty and is now in the process of getting the Environment Clearance and finalising the joint venture partners for this project.

➢ **Ammonia –Urea Complex in Republic of Congo (RoC) :**

To avail benefits of availability of Natural gas at reasonable price and active interest shown by Government of RoC, Company is contemplating to install 800 MTPD Ammonia and 1100 MTPD Urea plants in RoC wherein Government of RoC will also have equity participation.

PDIL has completed Techno Economic Feasibility (TEFR) for the Project and based on initial assessment Project seems to be feasible. Company has executed a Non binding term sheet with G-RoC to form a basis of discussions for the Project. Company is process of discussions with bankers, technology suppliers and EPC contractors for their equity participation. G-RoC has applied for Line of Credit from GoI for this project and the project will be further taken based on the approvals received.

➢ **Methyl Methacrylate (MMA) Plant at Dahej:**

Company is contemplating to install 50,000 MTPS MMA plant at Dahej for which land acquisition has been completed. Company has entered into an understanding with OPaL for supply of the major raw material C4 Raffinate along with the mode of execution of the project. Company have also finalised the M/s Mitsui Chemicals Incorporation (MCI) as the technology suppliers and the requisite agreements will be shortly executed for supply of License Know-How, Process Design Package and Catalyst. The Company is expected to finalise the EPC Contractor for this project by June 2019.

14. Information regarding conservation of energy, technology absorption, foreign exchange earnings and outgo and particulars of employees etc.

Information as required under Section 134 (3) (m) of Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are enclosed in Annexure “E” forming part of this report.

The Company does not have any employee falling within the purview of Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and hence such Particulars of Employees are not included.

15. Corporate Social Responsibility (CSR)

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. As a part of its initiatives under “Corporate Social Responsibility”, the Company has undertaken projects in the areas of education, livelihood, health, water and sanitation. The Annual Report on CSR activities is enclosed as Annexure A. CSR Policy adopted by the Company is placed on the Company’s website www.gsfclimited.com.

16. Directors

A) Changes in Directors and Key Managerial Personnel

Shri Arvind Agrawal, IAS has been appointed w.e.f. 04.06.2018 as a rotational Director in place of Shri Anil Mukim, IAS, Director of the Company (till 07.03.208).

Shri Raj Gopal, IAS has been appointed w.e.f. 08.08.2018 as a rotational director in place of Shri Sujit Gulati, IAS.

Shri Sujit Gulati, IAS has been appointed as Managing Director of the Company w.e.f. 13.07.2018 (afternoon) vice Shri A M Tiwari, IAS (Managing Director of the Company till 13.07.2018).

Shri Arvind Agarwal shall be liable to retire by rotation at the ensuing Annual General Meeting, has offered himself for re-appointment.

The brief resume of Directors with regard to appointment/ re-appointment at 56th Annual General Meeting is annexed to the Notice convening the 56th Annual General Meeting, which forms the integral part of this Annual Report.

B) Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligation & Disclosure Requirement) Regulations, 2015 the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of its committees. The manner in which the evaluation has been carried out is explained in the Corporate Governance Report which forms the part of this Annual Report.

C) Appointment and Remuneration Policy

The Board has on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, senior management and their remuneration. The details of Remuneration Policy and its weblink are contained in the Corporate Governance Report.

D) Meetings

During the year, Six Meetings of the Board of Directors and Five meetings of the Audit Committee were held. The composition of Board and Committees along with details of attendance is contained in Corporate Governance Report.

17. Details of establishment of vigil mechanism for Directors and employees

The Company has a Vigil Mechanism Policy in place to deal with instances, if any, of the fraud, mismanagement, misappropriations, if any and the same is placed on the Company's website. The details of the policy as well as its weblink are contained in the Corporate Governance Report.

18. Particulars of loans, guarantees or investments under section 186

Particulars of loans given, investments made, guarantee 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 standalone financial statement**.**

Your Directors would further like to inform that GSFC is one of the promoters of Bhavnagar Energy Company Limited (BECL) and currently holds 5,92,20,000 equity shares of Rs.10/- each, aggregating Rs.29.31 Crores in BECL, which represents 5.95% of BECL's total equity share capital.

Energy & Petrochemicals Department (EPD), Government of Gujarat (GoG) in May, 2018, in-principle, approved the proposal of merger of BECL into Gujarat State Electricity Corporation Ltd. (GSECL). GSECL is a wholly owned subsidiary of Gujarat Urja Vikas Nigam Limited (GUVNL). The merger shall be carried out by the State Government (GoG) under the provisions of Gujarat Electricity Industry (Reorganization & Regulation) Act, 2003. By virtue of which, upon issuance of notification by GoG, the Scheme of Merger of BECL with GSECL shall stand approved and the transfer and vesting of the undertaking/s of BECL shall become operative and effective. No further actions shall be required to be taken by BECL or GSECL or any other persons including the promoters of BECL thereafter.

All promoters of BECL have made representation to calculate and fix the share exchange ratio based on the fair valuation approach. The precise financial impact of this merger would be known only after merger ratio is notified by GoG and post-merger valuation of the equity shares of GSECL. The impact of merger shall be appropriately dealt into the books of accounts once it actually gets implemented.

19. Particulars of contracts or arrangements with related parties

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with promoters, Directors, key managerial personnel and other designated persons which may have a potential conflict with the interest of the Company at large.

All Related party transactions were placed before the Audit Committee and also the Board of Directors for Approval. Prior omnibus approval of the Audit Committee is obtained and a statement giving details of transactions, if any, shall be placed before the Audit Committee meeting as mandated. The Company has developed a mechanism for identification of related party transactions and the Company is also having the system of monitoring of such transactions.

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto have been disclosed in **Annexure D** to this report.

20. Managerial Remuneration

Details as required pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are contained in Corporate Governance Report.

21. Risk management policy

The details of such Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report.

22. Directors' Responsibility Statement

Pursuant to Section 134 (3) (c) of the Companies Act, 2013, your Directors confirm that:

a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. 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 at the end of the financial year and of the profit and loss of the Company for that period;

c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. The Directors had prepared the annual accounts on a going concern basis;

e. The Directors, in the case of a listed Company, 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

f. 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.

23. Auditors

(a) Statutory Auditors

The Board of Directors has on recommendation of the Audit Committee, recommendation of the Audit Committee, recommended for the appointment of M/s. T. R Chadha & Co. LLP, Ahmedabad, Chartered Accountants (Firm Registration No.006711N/N500028) as the Statutory Auditors for the period of two years i.e. to hold the office from the conclusion of this Annual General Meeting till the conclusion of 57th Annual General Meeting of the Company to be held in the year 2019.

The Companies Amendment Act, 2017 read with notification S O 1833(E) dated 7th May, 2018 has deleted the provision requiring annual ratification of the appointment of Auditors. Therefore a resolution relating to the ratification of appointment of Auditors (M/s. T R Chadha & Co., LLP, Ahmedabad, the Statutory Auditors) of the Company, who shall continue to hold office from the conclusion of 56th Annual General Meeting of the Company till the conclusion of 57th Annual General Meeting of the Company, has not been included in the notice convening 56th Annual General Meeting.

(b) Cost Auditors

In terms of the Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain cost accounting records and get them audited every year.

The Board of Directors of your Company, on the recommendations made by the Audit Committee has approved appointment of M/s A G Dalwadi & Company, Cost Accountants, Ahmedabad (Firm Registration Number 100071) as the Cost Auditors of your Company to conduct the audit of cost records for the Financial Year 2018-19. The remuneration proposed to be paid to the Cost Auditor is placed for your ratification at the ensuing 56th Annual General Meeting. The Cost Auditors for the F.Y. 2017-18 was filed within stipulated time.

(c) Internal Auditors

Your Company has appointed M/s Talati & Talati, Chartered Accountants, Vadodara, as Internal Auditors of Baroda & Sikka Unit for Financial Year i.e. 2018-19. M/s K. N. Mehta & Co., Chartered Accountants, Vadodara and M/s Parikh Mehta & Associates, Chartered Accountants, Vadodara have been appointed as Internal Auditors for the Company's Fiber and Polymers Units respectively.

(d) Secretarial Auditors & Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Niraj Trivedi, Practicing Company Secretary to undertake the secretarial audit of the Company. The Report of the Secretarial Auditor is enclosed as annexure B.

24. Auditors' Report

There are no comments/ observations, reservations or adverse remarks in the Auditors Report and Secretarial Audit Report and hence no clarifications need to be given on their clean report.

25. Extract of the annual return

Extract of Annual Return in Form No. MGT – 9 is enclosed as Annexure C.

26. Human Resources

Your Directors are happy to acknowledge that the well positioned human resource of the Company have been key drivers in implementing ideas, polices, cultural and behavioral aspects of the organization and ultimately with their outstanding performance has helped the Company to realize its objectives. Your Directors are happy to place on record their appreciation for highly potential, consistent and ethical employees for their remarkable contribution to the Company.

27. Acknowledgements

Your Directors place on record their appreciation for the overwhelming co-operation and assistance received from the Government of Gujarat, Government of India, Bank of Baroda and other Banks and agencies. Your Directors also wish to express their gratitude to the investors for their continued support and faith reposed in the Company.

For and on behalf of the Board

Sd/-

DR. J. N. Singh, IAS
Chairman

Place: Fertilizernagar
Date : 10/08/2018

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy, overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs

Ever since its inception in 1962, Gujarat State Fertilizers and Chemicals Ltd (GSFC) is serving the community towards enriching lives of all its stake holders. Even before the concept of Corporate Social Responsibility (CSR) got clad into legal frame-work through Companies Act 2013, there existed a Village Development Cell which served the community with great commitment. The present CSR Policy is amended and documented with a candid objective of formalizing the Company's CSR activities within the prescribed legal frame work of the Companies Act, 2013(Section 135 read with Schedule VII) and the CSR Rules, 2014. This policy shall apply to all CSR activities taken up at the various Plants/Business locations, to include Liaison Offices, Marketing Offices and Depots of GSFC.

The GSFC's CSR Policy clearly states that "GSFC is committed to integrate its business values, ethics and professional skills to meet the expectations of all our stakeholders by developing, encouraging and supporting various social and economic initiatives, without any duplication of government policies, though our industrial expertise for Sustainable Development."

Web link: www.gsfclimited.com

2. The present Composition of the CSR Committee:

Sr.	Name	Category
1	Shri Anil Mukim (till 07.03.2018)	Chairman
2	Shri D C Anjaria	Member
3	Smt. Geeta Goradia	Member
4	Shri Sujit Gulati	Member
5	Shri A M Tiwari	Member

3. Average net profit of the company for last three Financial Years :

Rs. 498 Crores

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):
Rs. 9.96 (i.e. 2% of Rs. 498 Crores).

5. Details of CSR spent during the Financial Year :

(a) Total amount to be spent for the financial year: Rs. 9.96 Crores.

(b) Amount unspent, if any: Not Applicable

(c) Manner in which the amount spent during the Financial Year is detailed below: (Amount in ₹)

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs: 1. Direct expenditure on projects 2. Overhead	Cumulative expenditure up to the reporting period (Since FY 2014-15)
1	Education	Education	11,47,66,292	11,47,66,292	32,35,19,692
2	Rejuvenation of Ajwa Garden	Maintaining ecological balance	2,36,00,000	2,36,00,000	5,28,61,278
3	Safe Drinking Water	Safe Drinking Water	71,54,608	71,54,608	5,43,54,608
4	Contribution and Donations	Education, Health, Women Empowerment	88,57,526	88,57,526	3,02,35,722
		Total	**15,43,78,426**	**15,43,78,426**	**46,09,71,300**

Note:

1. *Sr. No. 1 GSFC University, Fertilizernagar School and work for government primary school is merged together as education.*
2. *Separate Approval for Rs. 5 Crore to CM Relief Fund as part of GSFC's support and rehabilitation for victims of Banaskatha Floods was taken from Board as Contribution to CM Relief Fund is not falling under Schedule VII of the Companies Act, 2013*
3. *This table shows expenditure incurred at all four units of GSFC consolidated.*

6. In case the company has failed to spend the two percent 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 implementation and monitoring of CSR policy is in compliance with the CSR objective and policy of the company.

Person specified under clause(d) of sub-section(1) of section 380 of the Act) (wherever applicable)	Sd/- Chairman CSR Committee

ANNEXURE "B" TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members
GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED
P.O. Fertilizernagar,
Vadodara – 391750.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Gujarat State Fertilizers & Chemicals 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 31st March, 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 31st March, 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 Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(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; **Not applicable for the Audit Period**
- **(d)** The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; - **Not applicable for the Audit Period**
- **(e)** The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - **Not applicable for the Audit Period**
- **(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; - **Not applicable for the Audit Period** and
- **(h)** The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **Not applicable for the Audit Period**
- **(i)** The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) Other applicable laws: Based on the information provided and the representation made by the Company and its Officers and also on the review of the compliance reports taken on record by the Board of Director of the Company, in our opinion, adequate systems and processes exist the Company to monitor and ensure compliances under other applicable Acts, Laws and Regulations as applicable to the Company as given below:

- i. The Apprentices Act, 1961
- ii. The Contract Labour (R & A) Act, 1970
- iii. The Child Labour (P & R) Act, 1986
- iv. The Industrial Employment (Standing Orders) Act, 1946
- v. The Industrial Disputes Act, 1947
- vi. The Minimum Wages Act, 1948
- vii. The Payment of Gratuity Act, 1972
- viii. The Employees Provident Fund and Miscellaneous Provisions Act, 1952;
- ix. The Equal Remuneration Act, 1976
- x. The Employees State Insurance Act, 1948
- xi. The Payment of Bonus Act, 1965
- xii. The Payment of Wages Act, 1936
- xiii. The Factories Act, 1948
- xiv. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
- xv. The Employees Compensation Act, 1923
- xvi. The Maternity Benefit Act, 1961
- xvii. The Sexual Harassment of Women at Workplace (PD & R) Act, 2013

xviii. The Collection of Statistics Act, 2008
xix. Gujarat Physically Handicapped Persons (Employment in Factories) Act 1982.
xx. The Water Cess Act, 1972
xxi. The Dangerous Machines (Regulation) Act, 1936
xxii. The Environment Protection Act, 1986
xxiii. The Personal Injuries (Compensation Insurance) Act, 1963
xxiv. The Professional Tax Act, 1976
xxv. The Public Liability Insurance Act, 1991
xxvi. The Air (Prevention & Control of Pollution) Act, 1981
xxvii. The Water (Prevention & Control of Pollution) Act, 1974
xxviii. The Hazardous Waste Act, 1989
xxix. The Trade Union Act, 1926
xxx. The Weekly Holidays Act, 1942
xxxi. The Building and Other Construction Workers Act, 1996

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with BSE Limited; National Stock Exchange of India Ltd. read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

We further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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 the 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.

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

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, there were no other specific events/ actions in pursuance of above referred laws, rules, regulations, guidelines etc, having a major bearing on the Company's affairs.

Place: Vadodara
Date : 16/05/ 2018

Name of Company Secretary in practice : **NIRAJ TRIVEDI**
C. P. No. : **3123**

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 SECRETARIAL AUDIT REPORT

To,
The Members
GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED
P.O. Fertilizernagar,
Vadodara - 391750

Our report of even date is to be read along with this letter.

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

Place: Vadodara
Date : 16/05/ 2018

Name of Company Secretary in practice : **NIRAJ TRIVEDI**
C. P. No. : **3123**

ANNEXURE "C" TO DIRECTORS' REPORT

Form No. MGT-9
EXTRACT OF ANNUAL RETURN as on the Financial Year ended on 31.03.2018
[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:

i	CIN:-	L99999GJ1962PLC001121
ii	Registration Date:	15.02.1962
iii	Name of the Company:	GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED
iv	Category / Sub-Category of the Company:	Public Limited Company
v	Address of the Registered office and contact details:	P O Fertilizernager – 391 750, Dist: Vadodara, Tel. 0265 2242451, Fax. 0265 2240966 website: www.gsfclimited.com
vi	Whether listed company:	Yes
	Details of the Stock Exchanges where shares are listed	Stock Exchange Name — Name Code BSE Limited (BSE) — 500690 The National Stock Exchange of India Limited (NSE) — GSFC
vii	Name, Address and Contact details of Registrar and Transfer Agent:	Link Intime India Pvt. Ltd. B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota. Vadodara -390 020 Phone : (0265) 2356573/2366794 Fax : (0265) 2356791 Email : vadodara@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products/ services	NIC code of Product	% of total turnover of the company
1	Fertilizers	2012	71.07%
2	Chemicals	2011	28.93%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1	GSFC Agrotech Limited Administration Building, 1st Floor, Fertilizernagar, P. O. Fertilizernagar – 391750	U36109GJ2012PLC069694	Subsidiary	100.00%	2 (87)
2	Gujarat Green Revolution Company Limited Fertilizernagar Township, P. O. Fertilizernagar – 391750	U63020GJ1998PLC035039	Associate	46.87%	2 (6)
3	Vadodara Enviro Channel Limited Plot no. 304/1, 317 & 318, At and Post Dhanora, Vadodara – 391 346	U51395GJ1999PLC036886	Associate	28.57%	2 (6)
4	Gujarat Arogya Seva Private Limited 1st Floor, Administrative Building P. O. Fertilizernagar Vadodara Vadodara GJ 391750 IN	U74999GJ2017PTC096542	Subsidiary of Subsidiary	100.00%	2 (87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No of Shares held at the beginning of the year (As on 31-March-2017)				No of Shares held at the end of the year (As on 31-March-2018)				% change during the year
	Demat	Physical	total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
[1] Indian									
(a) Individuals / Hindu Undivided Family	0	0	0	0.0000	0	0	0	0.0000	0.0000
(b) Central Government / State Government(s)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c) Financial Institutions / Banks	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d) Any Other (Specify)									
Bodies Corporate	150787405	12500	150799905	37.8440	150799905	0	150799905	37.8440	0.0000
Sub Total (A)(1)	**150787405**	**12500**	**150799905**	**37.8440**	**150799905**	**0**	**150799905**	**37.8440**	**0.0000**
[2] Foreign									
(a) Individuals (Non-Resident Individuals/Foreign Individuals)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(b) Government	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c) Institutions	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d) Foreign Portfolio Investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e) Any Other (Specify)									
Sub Total (A)(2)	**0**	**0**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0.0000**
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**150787405**	**12500**	**150799905**	**37.8440**	**150799905**	**0**	**150799905**	**37.8440**	**0.0000**
(B) Public Shareholding									
[1] Institutions									
(a) Mutual Funds / UTI	17560216	5115	17565331	4.4081	27212989	3050	27216039	6.8300	2.4219
(b) Venture Capital Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c) Alternate Investment Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d) Foreign Venture Capital Investors	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e) Foreign Portfolio Investor	69541286	0	69541286	17.4517	64047313	0	64047313	16.0730	-1.3787
(f) Financial Institutions / Banks	38876408	164370	39040778	9.7975	39188196	141870	39330066	9.8701	0.0726
(g) Insurance Companies	0	0	0	0.0000	0	0	0	0.0000	0.0000
(h) Provident Funds/ Pension Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(i) Any Other (Specify)									
Sub Total (B)(1)	**125977910**	**169485**	**126147395**	**31.6573**	**130448498**	**144920**	**130593418**	**32.7731**	**1.1158**
[2] Central Government/ State Government(s)/ President of India									
Sub Total (B)(2)	**0**	**0**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0.0000**
[3] Non-Institutions									
(a) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh.	43098568	9273597	52372165	13.1431	48327141	7524317	55851458	14.0162	0.8731
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	14899334	0	14899334	3.7391	12433385	0	12433385	3.1202	-0.6189
(b) NBFCs registered with RBI	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c) Employee Trusts	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d) Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e) Any Other (Specify)									
IEPF	0	0	0	0.0000	1517535	0	1517535	0.3808	0.3808
Trusts	64080	0	64080	0.0161	38705	0	38705	0.0097	-0.0064
Coperatives Socities	13395	2489880	2503275	0.6282	13395	2422335	2435730	0.6113	-0.0169
Hindu Undivided Family	3211957	2610	3214567	0.8067	3669718	1770	3671488	0.9214	0.1147
Non Resident Indians (Non Repat)	1004022	0	1004022	0.2520	1278466	0	1278466	0.3208	0.0688
Other Directors	1450	0	1450	0.0004	1450	0	1450	0.0004	0.0000
Non Resident Indians (Repat)	2459671	169440	2629111	0.6598	2852296	147535	2999831	0.7528	0.0930
Foreign Portfolio Investor (Individual)	5000	0	5000	0.0013	0	0	0	0.0000	-0.0013
Clearing Member	1686863	0	1686863	0.4233	1172859	0	1172859	0.2943	-0.1290
Bodies Corporate	43080183	70180	43150363	10.8288	35625355	57945	35683300	8.9549	-1.8739
Sub Total (B)(3)	**109524523**	**12005707**	**121530230**	**30.4986**	**106930305**	**10153902**	**117084207**	**29.3829**	**-1.1157**
Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	**235502433**	**12175192**	**247677625**	**62.1560**	**237378803**	**10298822**	**247677625**	**62.1560**	**0.0000**
Total (A)+(B)	**386289838**	**12187692**	**398477530**	**100.0000**	**388178708**	**10298822**	**398477530**	**100.0000**	**0.0000**
(C) Non Promoter - Non Public									
[1] Custodian/DR Holder	0	0	0	0.0000	0	0	0	0.0000	0.0000
[2] Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.0000	0	0	0	0.0000	0.0000
Total (A)+(B)+(C)	**386289838**	**12187692**	**398477530**	**100.0000**	**388178708**	**10298822**	**398477530**	**100.0000**	

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No of shares	% of total shares of the company	% of shares pledged/ encumbered	No of shares	% of total shares of the company	% of shares pledged/ encumbered	
1	Gujarat State Investments Ltd.	150799905	37.8409	0.00	150799905	37.8440	0.00	Nil
2	Gujarat State Investments Ltd.	12500	0.0031	0.0000	0	0.0000	0.0000	-0.0031
Total		**150799905**	**37.8440**	**'0.0000**	**150799905**	**37.8440**	**0.0000**	**0.0000**

(iii) Change in promoters' shareholding (please specify, if there is no change)

Sr. No.	Particulars	Shareholding at the beginning of the year		Transactions during the year		Cumulative shareholding during the year	
		No. Of shares	% of total shares of The company	DATE OF TRANSACTION	NO. OF SHARES	No. Of shares	% of total shares of the company
1	GUJARAT STATE INVESTMENTS LIMITED	150787405	37.8409			150787405	37.8409
	Transfer			12 May 2017	12500	150799905	37.8440
	AT THE END OF THE YEAR					150799905	37.8440
2	GUJARAT STATE INVESTMENTS LTD	12500	0.0031			12500	0.0031
	Transfer			12 May 2017	(12500)	0	0.0000
	AT THE END OF THE YEAR					0	0.0000

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Cumulative Shareholding at the end of the year - 2018	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	LIFE INSURANCE CORPORATION OF INDIA	31778658	7.9750	31778658	7.9750
	AT THE END OF THE YEAR			31797658	7.9798
2	FIDELITY PURITAN TRUST-FIDELITY LOW-PRICED STOCK FUND	31500000	7.9051	31500000	7.9051
	AT THE END OF THE YEAR			28900000	7.2526
3	GUJARAT ALKALIES AND CHEMICALS LIMITED	7500000	1.8822	7500000	1.8822
	AT THE END OF THE YEAR			7500000	1.8822
4	GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED	7500000	1.8822	7500000	1.8822
	AT THE END OF THE YEAR			7500000	1.8822
5	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE PURE VALUE FUND	0	0.0000	0	0.0000
	AT THE END OF THE YEAR			7492406	1.8803
6	GHI LTP LTD	6114648	1.5345	6114648	1.5345
	AT THE END OF THE YEAR			6114648	1.5345
7	GOVERNMENT PENSION FUND GLOBAL	5840001	1.4656	5840001	1.4656
	AT THE END OF THE YEAR			5970001	1.4982
8	GUJARAT MINERAL DEVELOPMENT CORPORATION LTD	5000000	1.2548	5000000	1.2548
	AT THE END OF THE YEAR			5000000	1.2548
9	GENERAL INSURANCE CORPORATION OF INDIA	3104110	0.7790	3104110	0.7790
	AT THE END OF THE YEAR			3202175	0.8036
10	HDFC TRUSTEE COMPANY LTD A/C HDFC ARBITRAGE FUND	0	0.0000	0	0.0000
	AT THE END OF THE YEAR			3163500	0.7939
11	VANDERBILT UNIVERSITY - ATYANT CAPITAL MANAGEMENT LIMITED	3183000	0.7988	3183000	0.7988
	AT THE END OF THE YEAR			2346331	0.5888
12	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCEARBITRAGE ADVANTAGE FUND	13603660	3.4139	13603660	3.4139
	AT THE END OF THE YEAR			2308765	0.5794
13	SBI LIFE INSURANCE CO. LTD	7812155	1.9605	7812155	1.9605
	AT THE END OF THE YEAR			567323	0.1424

(v) Shareholding of Directors and Key Managerial Personnel:

None of the Key Managerial Personnel and/ or Directors are holding shares in their personal capacity except Shri D C Anjaria, holding 1450 Equity Shares as detailed in Corporate Governance Report.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment **(₹ in Lakhs)**

particulars	Secured Loans Excluding deposits				Unsecured Loans							Deposits	Total indebtedness
	ECB	term loan from bank	Cash Credit	Total	Buyer's Credit	Purchase Bill Disc.	Sales: Bill Discounting	ICD	WCDL / OD Loan	Comm Paper	Total		
Indebtedness at the beginning of the financial year													
i) Principal Amount	10374.18	0.00	14349.45	24723.63	23985.85	3222.61	6588.15	0.00	0.00	20000.00	53796.61	2.52	157043.01
ii) Interest due but not paid	0	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.87	1.87
iii) Interest accrued but not due	20.57	0.00	0.51	21.09	20.86	0.00	0.00	0.00	0.00	0.00	20.86	0	83.89
Total (i+ii+iii)	10394.75	0.00	14349.96	24744.72	24006.71	3222.61	6588.15	0.00	0.00	20000.00	53817.47	4.39	157128.77
Change in Indebtedness during the financial year													
Addition	0.00	20000.00	3903.24^	23903.24	51072.62	0.00	7366.99	700.00	115538.36	117500.00	292177.97	0	632162.42
Reduction (incl Ex. Variation Difference)	5170.65	0.00	0.00	5170.65	23759.52	3222.61	13955.14	700.00	101000.00	137500.00	280137.27	2.25	570618.10
Net Change Indebtedness at the end of the financial year													
i) Principal Amount	5203.53	20000.00	18252.69	43456.22	51298.95	0.00	0.00	0.00	14538.36	0.00	65837.31	1.35	218588.41
ii) Interest due but not paid	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.79	0.79
iii) Interest accrued but not due	10.32	0.00	1.59	11.91	79.52	0.00	0.00	0.00	1.10	0.00	80.62	0	185.07
Total (i+ii+iii)	5213.85	20000.00	18254.28	43468.13	51378.47	0.00	0.00	0.00	14539.46	0.00	65917.93	2.14	218774.26

^ Cash Credit being a revolving facility, only the net change has been disclosed.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **(₹ in Lakhs)**

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager
	Name	ANAND MOHAN TIWARI
	Designation	MANAGING DIRECTOR
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28.75
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.02
2	Stock Option	0.00
3	Sweat Equity	0.00
4	Commission	0.00
	- as % of profit	0.00
	- others, specify	0.00
5	Others, please specify	0.00
	Total (A)	28.77
	Ceiling as per the Act	not applicable

B. Remuneration to other directors: ***(Amount in ₹)***

SN.	Particulars of Remuneration	Name of Directors					Total Amount (Rs.)
		Shri D C Anjaria	**Prof. Vasant Gandhi**	**Shri Ajay Shah**	**Shri Vijai Kapoor**	**Smt. Geeta Goradia**	
1	Independent Directors	1,10,000	1,50,000	20,000	80,000	60,000	4,20,000
	Fee for attending board committee meetings						-
	Commission						-
	Others, please specify						-
	Total (1)	1,10,000	1,50,000	20,000	80,000	60,000	4,20,000
		Dr. J N Singh*	**Shri Sujit Gulati***	**Shri Anil Mukim***			
2	Other Non-Executive Directors						
	Fee for attending board committee meetings	50,000	80,000	50,000			
	Commission						
	Others, please specify						
	Total (2)	50,000	80,000	50,000			1,80,000
	Total (B)=(1+2)						6,00,000

* Deposited in Government Treasury

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD **(₹ in Lakhs)**

SN.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
	Name			
	Designation	CFO	CS	
1	Gross salary	Rs.46.88 Lakhs	Rs. 37.90 Lakhs	Rs. 84.78 Lakhs
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
	Commission	-	-	
4	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	Rs.46.88 Lakhs	Rs. 37.90 Lakhs	Rs. 84.78 Lakhs

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/ punishments/ compounding of offences for the Financial Year ending 31/03/2018.

ANNEXURE "D" TO DIRECTORS' REPORT

Particulars of contracts/ arrangements made with related parties

(Form No. AOC-2 - (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

This Form pertains to disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis. - There were no contracts or arrangements or transactions not at arm's length basis.
2. Details of material contracts or arrangement or transactions at arm’s length basis; **(Rs. In Lakhs)**

Related Party	Nature of Relationship	Nature/Type of Related Party Transaction	Duration of the Contract	Salient Feature	Value of the proposed transaction
GSFC Agrotech Limited	Subsidiary Company	Purchase of Stocks in Trade	Not applicable	Not applicable	6,000.00
		Sale of Material			50,000.00
		Commission Income			50.00
		Rent Income			20.00
		Reimbursement of Expenses			800.00
Vadodara Enviro Channel Limited	Associate Company	Usage of Effluent Channel	Not applicable	Not applicable	450.00
Gujarat Green Revolution Company	Associate Company	Expenses Recoverable	Not applicable	Not applicable	400.00
Karnalyte Resources Inc.	Associate Company	Reimbursement of Expenses	Not applicable	Not applicable	150.00
Sh. A. M. Tiwari	KMP	Remuneration	Not applicable	Not applicable	50.00
Sh. V.D. Nanavaty	KMP	Remuneration	Not applicable	Not applicable	55.00
Sh. V. V. Vachhrajani	KMP	Remuneration	Not applicable	Not applicable	50.00
GSFC Education Society	Related Party	Donation Granted	Not applicable	Not applicable	610.00
GSFC Science Foundation	Related Party	Rent and Misc. Expense	Not applicable	Not applicable	4.00
		Rent and Misc. Income			10.00
Tunisian Indian Fertilizers (TIFERT)	Government related Entity	Purchase of Material	Not applicable	Not applicable	45,000.00
		Reimbursement of Expenses			100.00
Gujarat Chemical Port Terminal Company Limited	Government related Entity	Storage & Wharfage charges	Not applicable	Not applicable	700.00
Gujarat Narmada Valley Fertilizers Company Limited	Government related Entity	Purchase of Materials	Not applicable	Not applicable	250.00
		Sale of Material			6,000.00
Indian Potash Ltd	Government related Entity	Purchase of Material	Not applicable	Not applicable	9,000.00
Gujarat Alkalies and Chemicals Ltd	Government related Entity	Purchase of Materials			2,400.00
		Sale of Product			1,000.00
		Recovery of (shared) expenses			52.50
Gujarat Industries Power Company Ltd	Government related Entity	Purchase of Power	Not applicable	Not applicable	30,000.00
		Sale of Materials			200.00
Bhavnagar Energy Company Ltd	Government related Entity	Investment in Equity	Not applicable	Not applicable	1,200.00
		Investment in Sub Debt			539.00
GAIL India Limited	Government related Entity	Purchase of Gas	Not applicable	Not applicable	1,01,100.00
		Sale of Product			1,500.00
Gujarat State Petroleum Corporation Ltd	Government related Entity	Purchase of Gas	Not applicable	Not applicable	5,000.00
Gujarat Agro Industries Corporation	Government related Entity	Sale of Product	Not applicable	Not applicable	30,000.00
Rajasthan State Mines & Minerals Limited	Government related Entity	Sale of Product	Not applicable	Not applicable	1,115.00
		Purchase of Material			20,000.00

Note: Appropriate approvals have been taken for related party transactions, wherever required.

For and on behalf of the Board

Sd/-
DR. J. N. Singh, IAS
Chairman

Place: Fertilizernagar
Date : 16/05/2018

ANNEXURE "E" TO DIRECTORS' REPORT

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

Measures taken at Fertilizernagar, Vadodara Unit:

1) **Steam saving by replacing existing Ejector with energy efficient Ejector, at Urea II Plant.**

New energy efficient ejectors were installed to enhance the efficiency of operation and thereby to achieve steam saving. It resulted into reduction in load on steam generation boilers. It resulted into annual NG saving of 6.73 Lacs SM3 (Rs. 161.6 Lacs).

2) **Use of LP Steam at Sulphur melter of SA-III & SA-IV plant.**

Excess LPS (3K steam), which is being vented, is utilized as heat source in Sulphur melters of SA-III & SA-IV plants to melt Sulphur, in place of 7K steam generated by throttling 14K steam. It resulted into reduction in load on steam generation boilers. It resulted into annual NG saving of 3.47 Lacs SM3 (Rs. 83.2 Lacs).

3) **Communicating schedule of ON/OFF 1 MW Heater of ASU to EMC on regular basis, A-IV plant.**

Molecular Sieve bed is regenerated every 4.5 Hrs using electric heater having rated capacity of 1 MW. Electricity demand is scheduled and synchronized as per regeneration cycle and thereby maximum demand requirement could be reduced. It resulted into less charge to be paid according to revised maximum demand value. It resulted into annual saving of Rs. 55 Lacs.

4) **Efficiency improvement of Benzene Hydrogenation furnace (H-401-1) at Anone plant, Capro-I.**

Looking to low efficiency of Benzene Hydrogenation furnace, resulting into higher consumption of NG fuel, actions were taken to reduce thermal losses from the furnace, by closing the peep holes and decreasing NG pressure to reduce rate of combustion air ingress to the furnace. Due to these measures, efficiency of the furnace increased. It resulted into annual NG saving of 1.60 Lacs SM3 (Rs. 38.4 Lacs).

5) **Stoppage of DMW pump at Utility plant.**

Based on the survey of DMW network, one number of DMW supply pump could be stopped by optimizing operating conditions of other DMW supply pumps. It resulted into annual Power saving of 2.4 Lacs unit (Rs. 17.4 Lacs).

6) **Impeller trimming of MP Boiler Feed Water Pump (BFW) P0201R at Ammonia-IV Plant.**

Trimming impeller size from 232 mm to 220 mm of MP BFW Pump resulted into annual power saving of 2.21 Lacs unit (Rs. 16 Lacs).

7) **Installation of Energy Efficient Cooling water Pump at Melamine-I plant.**

New energy efficient CW pump was installed in place of old & inefficient CW pump at Melamine-I plant. It resulted into annual power saving of 2.0 Lacs unit (Rs. 14.5 Lacs).

8) **Use of LP Steam at various Heat Exchangers at Nylon-6 Plant.**

Excess LPS (3K steam), which was vented, is utilized as heat source to preheat various process streams in total two nos. of heat exchangers. It resulted into reduction in load on steam generation boilers. It resulted into annual NG saving is 0.49 Lacs SM3 (Rs. 11.77 Lacs).

9) **Impeller trimming of Benzene Feed Pump P-1980 A and Soda Solution pump P-140 B at Capro-II Plant.**

Trimming impeller size from 317 mm to 254 mm of Benzene Feed Pump (P-1980) resulted into annual power saving of 0.62 Lacs unit (Rs. 4.5 Lacs). Trimming impeller size from 292 mm to 280 mm of Soda Solution Pump (P-140) resulted into annual power saving of 0.24 Lacs unit (Rs. 1.74 Lacs). It resulted into cumulative annual power saving of 0.86 Lacs unit (Rs. 6.24 Lacs).

Above mentioned measures resulted into aggregate annual saving at a rate of 7.47 Lacs units Power (Rs. 54.14 Lacs) and 12.29 Lacs SM3 NG (Rs. 294.97 Lacs).

Measures taken at Sikka Unit:

In order to achieve energy saving, following Major Steps were carried out during the F.Y. 2017-18.

By Energy Efficient Motors

1. Replacement of 01 No. 37 KW conventional motor by Energy efficient motor in Scrubber Effluent pumps in Train-B.
2. Replacement of 08 No. 45 KW conventional motor by Energy efficient motor in Oversize Pulverizer in Train-A & B.

By Energy Efficient Lighting

1. Replacement of 122 Nos. 150 Watt HPSV Lamps By 60 Watt LED Lamps in Street Lights.
2. Replacement of 82 Nos. 32 W LONON Lamps By 12 W LED in ADM Building.
3. Replacement of 32 Nos. 60 W GLS Lamps By 9 W LED Lamps in Various Plant area Lighting.
4. Replacement of 165 Nos. 50 watt Ordinary TL with 20 watt LED Tube light in Various Plant area Lighting.
5. Replacement of 45 Nos. 50 watt Copper ballast with 28 watt Electronic ballast in Various Plant area Lighting.
6. Replacement of 150 Nos. 80 watt HPMV DOM fitting with 35 watt LED Post top lantern in Colony area Lighting.

Thus by adopting Energy efficient motors & lighting system annual power saving of 1.58 Lacs units achieved. This resulted in to aggregate annual saving of Rs. 11.09 Lacs at a unit cost of Rs.7.00.

Above mentioned measures resulted into aggregate annual saving at a rate of 1.58 Lacs units Power (Rs. 11.09 Lacs).

Measures taken at Fibre Unit:

1) **Trimming of cooling tower pump Impeller.**

By trimming impeller of cooling tower pump from 435 mm dia. to 425 mm dia. There is saving of 14.55 KW energy. The annual saving of power is 127458 KWH/Year (Rs.8 lacs Approx.).

2) Installation of VFD in Cooling Tower Fan.

By installing of VFD in Cooling tower Fan. The annual saving of power is 62640 KWH/Year (Rs. 3.93 lacs Approx.)

Above mentioned measures resulted into aggregate annual saving at a rate of 1.90 Lacs units Power (Rs. 11.93 Lacs).

Measures taken at Polymers Unit:

1) Utilization of power consumption from lowest slab tariff to higher slab tariff (incremental approach) from available sources i.e. Wind Power; GIPCL & MGVCL applied which leads to a saving of Rs. 61.82 Lakhs.

Above mentioned measures resulted into aggregate annual saving of Rs. 61.82 Lacs.

Measures under consideration at Fertilizernagar, Vadodara Unit:

1) Use of LPS at reboiler in Disulphonate evaporator HX plant, Capro-I.

14K steam is used in Disulphonate Evaporator (E-415-5) to heat up the DS solution upto ~106 C in SO2 Absorption & Hydrolysis Section (Sec. 415) of HX plant, Capro-I. Use of LPS (3K steam), which is in excess and being vented, will be carried out in place of MPS (14K) at subject reboiler. It will reduce steam generation load on Steam generation boilers. Anticipated annual NG saving is 28.8 Lacs SM3 (Rs. 691.2 Lacs).

2) Generation of Flash steam at CVL Boiler.

It is under consideration to generate Flash steam of 14K (in place of present practice of generating 0.5K Flash steam) from blow down stream of 37K at CVL Boiler and to utilize low pressure steam which is in excess and being vented, in place of 0.5K steam. Generated 14K steam will reduce NG consumption at Steam generation boilers. Anticipated annual NG saving is 0.77 Lacs SM3 (Rs. 18.43 Lacs).

3) Installation of an additional Dehydrogenation Feed preheater for 37K steam saving, at Anone Plant, Capro-I.

Process Feed is preheated from ~50°C to ~99 °C existing Feed preheater, resulting into steam (37K) saving. It is proposed to further pre-heat stream from ~99 °C to ~130 °C using excess LPS (3K steam), which is in excess and being vented. It will result in reduction of steam generation load on Steam generation boilers. Anticipated annual NG saving is 0.70 Lacs SM3 (Rs. 16.9 Lacs).

4) Installation of Ammonia Preheater, Melamine-I Plant.

It is proposed to preheat vapour Ammonia from ~25°C to 92°C by utilizing steam condensate being exported to GSFC grid. This would reduce heat duty on salt furnace and thereby lead to reduction in NG consumption for heating of molten salt. Anticipated annual NG saving is 1.2 Lacs SM3 (Rs. 28.8 Lacs).

5) Use of Variable Frequency Drive (VFD) at BFW pumps of CVL boiler.

Due to operation of two numbers of BFW pumps of CVL boiler at low load, it is proposed to install VFD for power saving. Anticipated annual power saving is 6.40 Lacs unit (Rs. 46.4 Lacs).

6) Replacement of two pumps at ETP.

It is proposed to install two new energy efficient pumps at ETP in place of energy inefficient pumps. Anticipated annual power saving is 1.25 Lacs unit (Rs. 9.06 Lacs).

7) Replacement of cooling water pump at AST.

Installation of New energy efficient cooling water pump is under consideration in place of inefficient CW pump. Due to improvement in efficiency, anticipated annual saving is 1.15 Lacs unit (Rs. 8.35 Lacs).

8) Reduction in NG fuel consumption in F-101 & F-202, A-III Plant.

It is proposed to preheat HPNG feed to HPNG Heater furnace (F-101) to reduce the heat duty of the furnace by recovering heat from process stream which was being cooled by Cooling water. Anticipated annual NG saving is 2.16 Lacs SM3 (Rs. 51.8 Lacs). It is proposed to carry out use of LPS (3K steam), which is in excess and being vented, to preheat Process air from ~40°C to 108°C which would reduce consumption of NG Fuel in Process Air heater Furnace (F-202). Anticipated annual NG saving is 1.12Lacs SM3 (Rs. 26.88 Lacs). Total anticipated annual NG saving is 3.28 Lacs SM3 (Rs. 78.72 Lacs).

9) Enhancement of flash steam generation at A-III plant.

It is under consideration to generate Flash steam of 4K (in place of present practice of generating 0.5K Flash steam) from blowdown stream of 37K at A-III plant. Generated 4K steam will be utilized in reboiler and reduce NG consumption at Steam generation boilers. Anticipated annual NG saving is 2.56 Lacs SM3 (Rs. 74.4 Lacs).

Measures under consideration at Sikka Unit:

1) <u>By Energy Efficient Motors</u>

1. Replacement of 02 No. 37KW conventional motor by Energy efficient motor for Cooler Drum of A/B Train.

2) <u>By Energy Efficient Lighting</u>

1. Replacement of 200 Nos. 150 Watt HPSV Lamps by 70 Watt LED Lamps in Street Lights.
2. Replacement of 30 Nos. 250 W HPSV Lamps by 60 W LED Lamps in Various Plant area Lighting.

Measures under consideration at Fibre Unit:

Nil

Measures under consideration at Polymers Unit:

1) Redesigning / technological up gradation of Cooling Tower is under consideration. This will improve efficiency in terms of product quality and output. Also this will reduce the energy consumption/ load on refrigeration system. Approximate expected saving Rs. 10-11 Lakhs.

2) Replacement of Plunger pump to Diaphragm pump in Monomer plant is under consideration, this will save Rs. 3-4 Lakhs towards capital investment and material loss due to leakages.

B CONSERVATION OF RAW MATERIAL AND CHEMICALS

Nil

ANNEXURE "E" TO DIRECTORS' REPORT (Contd.)

TOTAL ENERGY CONMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION

FORM-A

Form for disclosure of particulars with respect to Conservation of Energy : 2017-18

(A) POWER AND FUEL CONSUMPTION

PARTICULARS	2017-18	2016-17
1. ELECTRICITY		
A. PURCHASE		
UNIT: MWH	334597	369104
AMOUNT Rs. in Lacs	21591	21702
Rate Rs./KWH	6.45	5.88
B. Own Generation		
Unit: MWH	57519	11845
KWH Per Ltr. of Fuel/Gas	6.60	6.95
Cost Rs./KWH	3.57	16.08
2. LSHS, FO, LDO		
QUANTITY - MTs	256	158
Amount Rs. in Lacs	126	78
Average Rate Rs./MT	49221	49686
3. NATURAL GAS		
Quantity in '000 SM3	136349	120811
Amount Rs. in Lacs	28512	21201
Average Rate 1000/SM3	20911	17549

C TECHNOLOGY ABSORPTION

EFFORTS MADE IN TECHNOLOGY ABSORPTION

As per enclosed FORM – B

D FOREIGN EXCHANGE USED AND EARNED : 2017-18

Foreign Exchange Outgo :

	Rs. Lakhs
(i) C.I.F. VALUE OF IMPORTS	
(a) Raw Materials	160831.02
(b) Stores & Spares	2039.05
(c) Capital Goods and High Sea Purchases	18861.31
(d) Stock In Trade	54195.26
TOTAL (i)	**235926.64**
(ii) EXPENDITURE IN FOREIGN CURRENCY	
(a) Interest	**634.89**
(b) Technical Asstt./Know How	**0.00**
(c) Others	**41.46**
TOTAL (ii)	**676.35**
TOTAL (i) + (ii)	**236602.99**

Foreign Exchange Earned :

FOB VALUE OF EXPORT OF	Rs. Lakhs
Caprolactam	62.05
Hydroxyl Amine Sulphate Crystal	61.37
MEK Oxime	3774.15
Nylon	859.22
TOTAL	**4756.79**

(B) CONSUMPTION PER UNIT OF PRODUCTION

Sr. No.	Product	Power		Steam		Natural Gas	
		2017-18 KWH	2016-17 KWH	2017-18 MTs	2016-17 MTs	2017-18 SM³	2016-17 SM³
1	Ammonia	431	372	-1.336*	-1.332*	871	884
2	Sulphuric Acid	33	35	-0.837*	-0.843*	0.116	0.066
3	Phosphoric Acid	282	285	1.753	1.460	0.887	1.875
4	Urea	170	164	1.457	1.486	0	0
5	ASP	41	38	0.065	0.031	8.913	7.842
6	Melamine	1696	1713	6.815	7.088	367	375
7	Caprolactam (Old)	1998	2071	6.753	7.163	82.518	88.204
8	Caprolactam (Exp.)	1403	1400	5.537	5.294	38.597	34.041
9	Nylon - 6	833	813	2.560	1.973	0	0
10	ACH	0	0	0.000	0.000	0	0
11	Monomer	960	1317	2.921	2.690	0	0
12	MAA	441	405	3.530	3.698	0	0
13	AS	55	38	0.476	0.254	0	0
14	Sheets	0	0	0.000	0.000	0	0
15	Pellets	0	578	0.000	0.941	0	0
16	DAP (SU)	71	71	0.021	0.016	7.787	7.723
17	NPK (10:26:26) (SU)	70	66	0.023	0.015	11.521	9.624
18	NPK (12:32:16) (SU)	63	67	0.021	0.016	10.659	9.928
19	NPK (20:20:0:13) (APS) (SU)	80	79	0.021	0.019	18.134	16.815
20	Nylon Chips	1747	920	-	-	-	-
21	Nylon Filament Yarn	5418	4432	-	-	-	-

* -ve indicate Export from Plants.

FORM-B

Form for disclosure of particulars with respect to Technology Absorption: 2017-18

Research & Development (R&D):

(1) SPECIFIC AREAS, IN WHICH R&D IS CARRIED OUT:

The areas are polymers & controlled release fertilizers, Environment control & waste management; value added product(s)/Derivatives of existing products, specialized Agri-inputs for improving quality and yield of agricultural output, support to plant and Marketing, Quality and process efficiency improvement and assurance, Customization of products, Corrosion & Material Evaluation, Failure investigation of components of plant Equipment & machinery.

(2) BENEFITS DERIVED:

(A) Development of New Products/New Processes:

1. Zincated Sulfur Bentonite: FCO grade fertilizer with Micronized Sulphur and ZnO, which will provide Zn and S nutrients to plant and add value to already, developed Sulphur Bentonite Tablets.
2. Adipic Acid: This is a high value, 100% Import Substitute product. 2.5 MTPD has been isolated from Effluent of CEP. Market seeding revealed that the product produced in our pilot plant has takers from Polyurethane resin, Plasticizer, Leather, speciality chemical and food industries. 2.5 MTPD Adipic Acid plant is under consideration.
3. Customised WSF 19:19:19 for International Market: R&D Developed customized WSF 19-19-19, wherein formulation of Micromix was changed to enable WSF exports to Africa for International market growth. The product WSF 19-19-19 with customized micronutrient is approved and a trial order of 20MT has been received by the company.
4. Mono Ammonium Phosphate (MAP): Developed Process for manufacturing of Mono Ammonium Phosphate (MAP) using Phosphoric Acid and Ammonia of GSFC HO Unit. This indigenously developed MAP can be used for manufacture of WSF 19:19:19 to reduce cost of imported raw materials.

(B) Customization & Market support Services, Plant Support Activities:

1. On critical equipments of various plants, in-situ metallography at 160 locations was done for condition monitoring. This has enabled in assessment of possible damage as well as monitoring degradation of material operating at high temperatures/stress conditions.
2. Failure Analysis of 10 components from various plants was carried out which has helped in selection of better MOC and optimization of process parameters to avoid future failures and reducing down time of plants.
3. Corrosion and microbial monitoring of cooling tower water at various plants resulted in efficient running of plants.
4. Ferrography of lube oil samples for assessment of condition of rotating machinery, oil contamination and oil-replacement frequency.
5. Metallurgical input is rendered for material related problems like heat treatment, welding, import substitution etc.
6. Surface modification of material for improvement in Corrosion and Abrasion resistance has been carried out for Cd4MCu impellers of PA plant and Blade elements of Nylon-6 plant. Coated components have been installed in plant for performance evaluation.
7. A method of producing MEKO using 100% HX solution was provided for increasing throughput.

(3) FUTURE PLAN OF ACTION :

1. SAG Gold: Development of Micronutrient Enriched Sardar Amin Granules (SAG) as a part of product improvisation.
2. Improvement in HX Crystal quality: Process development for purification of HX crystal to meet with quality of BASF/UBE.
3. Development of Hexamethoxy Methyl Melamine (HMMM): Resin is import substitute Adhesive for rubber, tyre cord and conveyor belt industries.
4. Development of NPK Fertilizers: Develop formulation & process for manufacture of various FCO grade NPK fertilizers to increase products in GSFC product basket.
5. Fortified NPK Fertilizers: Develop process for manufacturing of fortified fertilizers with Boron & Zinc. These fertilizers will reduce the gap of micronutrients in rapidly declining nutrients in Indian soils.
6. NPK Biofertilizer: Develop biofertilizers having N, P & K components which helps make plant nutrients more available to plants.
7. WDG (Water Dispersible Granules): Develop process for production of Water Dispersible Sulphur Granules.
8. Seed Coating: Coating of seeds with fertilizers & insecticide/fungicide for better germination.
9. Biogas: Pilot scale trial for treating the composite effluent of GSFC by anaerobic bacteria to produce biogas is in progress. The gas can be used as fuel. The process is environmentally friendly and the sludge produced shall be marketed as organic fertilizer.
10. Gypsum Calcination: R & D has taken up an initiative to convert phosphogypsum (PG) into cement clinker. A pilot plant for producing the grade of cement clinker is setup.

(4) EXPENDITURE ON RESEARCH & DEVELOPMENT :

		₹ in Lakhs
(a)	Capital	88.08
(b)	Recurring	868.87
(c)	Total	956.95
(d)	Total R & D Expenditure as a percentage of Net Sales	0.15%

Technology Absorption, Adoption and Innovation :

<u>In-house Technology</u>:

- 470 Kg of Sulphur bentonite tablets are produced and provided for sale (94 packets of 5 Kg each).
- 65 Kg of Adipic Acid is produced and provided for sale (130 packets of 0.5 Kg each).

<u>Imported Technology:</u>

- For Melamine Project - technology is imported and Project execution work is under progress.

BUSINESS RESPONSIBILITY REPORT (BRR)

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	**Corporate Identity Number (CIN) of the Company**	:	L99999GJ1962PLC001121
2.	**Name of the Company**	:	Gujarat State Fertilizers & Chemicals Limited
3.	**Registered Address**	:	P. O. Fertilizernagar, Dist: Vadodara, Gujarat, India
4.	**Website**	:	www.gsfclimited.com
5.	**E-mail ID**	:	vishvesh@gsfcltd.com
6.	**Financial Year Reported**	:	2017-18

7. Sector(s) that the Company is engaged in (industrial activity code-wise):

Fertilizers & Industrial Production

Industrial Group	Description
201	Manufacture of basic chemicals, fertilizer and nitrogen compounds, plastics and synthetic rubber in primary forms
202	Manufacture of other chemical products
203	Manufacture of man-made fibres

As per National Industrial Classification – The Ministry of Statistics and Programme Implementation

8. List three key products that the Company manufactures (as in balance sheet):

i. Caprolactam

ii. DAP

iii. Urea

9. Total number of locations where business activities are undertaken by the Company:

i) Company does not have any International Location where business activity is undertaken by Company.

ii) There are four National locations where Company's Units are located. The details are as follows:

Baroda Unit	Fertilizernagar – 391 750, Dist. Vadodara.
Polymers Unit	Nandesari GIDC, Dist. Vadodara.
Fibre Unit	Kuwarda, Dist. Surat.
Sikka Unit	Moti Khawdi, Dist. Jamnagar

10. Markets served by the Company – local/ state/ national/ international:

In addition to serving Indian markets at Local, State and National level, GSFC exported its products to countries worldwide during the year ended on 31st March, 2018.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid-up capital (INR):** 79.70 Crores
2. **Total turnover (INR):** 6309 Crores
3. **Total profit after taxes (INR):** 475 Crores
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** 3.25% of PAT
5. **List of activities in which the Corporate Social Responsibility (CSR) expenditures have been incurred:**

   The major areas in which the CSR expenditure has been incurred include

   1. Rural transformation
   2. Environment
   3. Health
   4. Education
   5. Disaster response

SECTION C: OTHER DETAILS

1. Does the Company have any subsidiary company/ companies?

   Yes, Company has one direct subsidiary and one indirect subsidiary as on 31st March, 2018.

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)

   Your Company would like to encourage its subsidiaries to adopt its policies and practices.

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?

   No. Your Company would like to deal with the parties/ entities who have willingness to be the part of BRR initiatives.

SECTION D: BUSINESS RESPONSIBILITY INFORMATION

1. Details of Director/ Directors responsible for BR

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

   DIN Number: 02986260

   Name: AnandMohan Tiwari

   Designation: Managing Director

b. Details of the BR head;

Sl. No.	Particulars	Details
1	DIN Number (if applicable)	NA
2	Name	V. V. Vachhrajani
3	Designation	Company Secretary & Sr. Vice President (Legal & GST)
4	Telephone Number	+91 265 3093582
5	E-mail ID	vishvesh@gsfcltd.com

2. Principle-wise as per National Voluntary Guidelines (NVGs) BR Policy/ Policies (Reply in Y/N)

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine principles of Business Responsibility.

Following are the brief summary of Principles as per NVGs;

P1 Business 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 well-being 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

Sr. No.	Question(s)	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for	Y This forms part of the Code of Conduct of your Company which is applicable to all employees.	Y This policy is part of your Company's Environment, Health and Safety (EHS) Policy.	Y Certain policies form part of the Code of Conduct for employees. There are various policies for the benefit of the employees which are issued by the Human Resources function of the Company from time to time. The policies includes Maternity Leave Policy, Employee Safety Policy, Group Mediclaim Policy, etc.	Y certain aspects of this principle forms part of the CSR Policy.	Y This is the part of the Code of Conduct of your Company which is applicable to all Employees.	Y This forms part of your Company's EHS policy.	Y certain aspects of this principle forms part of the Marketing Policy.	Y Your Company has a CSR Policy.	Y* certain aspects of this principle forms part of the Marketing Policy.

ANNEXURE "F" TO DIRECTORS' REPORT (Contd.)

2	Has the Policy being formulated in consultation with the relevant stakeholders? Refer Note1	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The spirit and contents of the Code of Conduct and all the applicable laws and standards are captured in the policies articulated by your Company. The policies are based on and are in compliance with the applicable regulatory requirements and International Standards.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/CEO/ appropriate Board Director?	Y (It is signed by the Managing Director)	Y (It is signed by the Managing Director)	Y (It is signed by the Managing Director)	Y (It is signed by the Managing Director)	Y (It is signed by the Managing Director)	Y (It is signed by the Managing Director)	Y	Y (It is signed by the Managing Director)	Y
		As per Good Corporate Governance practice, all the policies are noted by the Board. The Board authorizes Senior Officials of the Company to authenticate such policies and make necessary changes whenever required.								
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
		The implementation and adherence to the Code of Conduct for Employees is overseen by the Human Resource and Internal Audit Function respectively. The Corporate Social Responsibility Policy is administered by the CSR Committee in line with the requirements of the Companies Act, 2013. The EHS Policy is overseen by the Supply Chain, Manufacturing and the Research & Technology Function.								
6	Indicate the link for the policy to be viewed online?	Please refer corporate governance report for link.								
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? Refer Note 2:	Y	Y	Y	Y	Y	Y	Y	Y	Y

Note 1: While there may not be formal consultation with all stakeholders, the relevant policies have evolved over a period of time by taking inputs from concerned Stakeholders.

Note 2: The Company has not carried out independent audit of the policies, the Internal Audit Functions periodically looks at the implementation of the policies.

Note 3: In respect of Principle 7 & 9, the Company follows the contents enshrined therein. However, the Policy in this regard is presently not documented.

2a. **If answer to Sr. No. 1 against any principle is 'No', please explain why: (Tick upto 2 options)**

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

3. Governance related to BR

- The Board of Directors of your Company, either directly or through its Committees, assesses various initiatives forming part of the BR performance of the Company annually. The CSR Committee meets periodically to review implementation of the projects/programmes/activities to be undertaken in the field of CSR. Other supporting heads of Department meet on a periodic basis to assess the BR performance.
- Your Company publishes the information on BR which forms part of the Annual Report of the Company. The Annual Report is uploaded on the website of the Company – www.gsfclimited.com

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

Business should conduct and govern themselves with Ethics, Transparency and Accountability

- The GSFC Code of Conduct for Employees ("the Code") contains the essence of various regulatory requirements and internal policies which primarily deal with or are framed around the principles of ethical behaviour and a sense of accountability. The Company expects its employees including the employees of its subsidiaries to know the Code and act accordingly. Therefore, its employees are acquainted with the Code at the time of their joining and are required to read and affirm to the Code on annual basis.
- Ethics, transparency and accountability are the three basic/essential pillars on which the compliance eco-system of your Company is built. The web based compliance management system not only helps adhere to the regulatory requirements but also develops a culture of self-regulation and accountability at the grass root level within the organization. In the present times when governance is looked upon as a critical aspect of sustainability, we believe, our compliance management systems play a significant role in ensuring good corporate governance.
- A policy on vigil mechanism has been framed and is placed on website of the Company to enable the employees to report any instances of fraud, abuse, misconduct or malpractices at workplace.

  In order to further strengthen its internal controls for prevention of insider trading, the Company has developed its Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information in such a manner that it not only satisfies the regulatory requirements but also instils a sense of responsibility among the designated persons for making timely and adequate disclosures. In order to facilitate implementation of the Code and its compliance, your Company has automated the entire process by leveraging technology and putting in place the GSFC Insider Trading Management System. The system acts as a repository of relevant information and provides an electronic platform for seeking trading approvals and send out timely compliance reminders.

  The Company has in place different mechanisms for receiving and dealing with complaints from different Stakeholders viz. Shareholders, Customers, Employees, Vendors etc. There are dedicated resources to respond to the complaints within a time bound manner. During the year, your Company received 18 (eighteen) complaints from shareholders, out of which 14 (fourteen) have been resolved and 4 (four) are still pending.

Principle 2

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

- The original objective for setting up your company was to contribute towards the food security to the nation. Subsequently, beyond fertilizers, your company diversified into the arena of Chemicals which has been touching all walks of human life, directly or indirectly. All the products conform to their quality standards and the plants of GSFC are proactively maintained so as to meet with environmental standards.

- Your Company is committed to offer the products that meet nationally accepted green product standards. This commitment comes from the team of dedicated professionals working at Company's state-of-the-art Research & Development Centre at Vadodara where technology and innovation are the corner stones.
- Your Company strives to launch various schemes for improvement in the architecture of its plants with a clear focus on improvising the overall performance in terms of production quality, rationalization in the consumption of basic raw materials, utilities like water, power etc. The introduction of such schemes has been quite a regular exercise in the Company and this is the only reason that despite the plants of GSFC are more than four decades old, still they are performing above its rated capacity and without the risks associated to the obsolescence.
- Your Company has initiated proactive steps, as far as possible, to control, reduce and eliminate use of avoidable hazardous materials. Appropriate safeguard mechanism has been in place with a view to control or prevent entry of pollutants. Also there is a proper system in place in categorizing the hazardous inputs in the active raw material list and continuous efforts are always there in the direction towards achieving reduction in pollution levels. In cases where alternates are not available easily for replacement, a detailed analysis for rational mitigation of exposure risk is being undertaken and same is followed at plant level.
- Your Company intends to educate its customers and employees about the safe use of its products. Product Information Sheets for all the major products are available. Company has laid down vendor evaluation and registration procedures for procurement of goods and availing services. The procedure entitles company to have sustainable sourcing and large amount of inputs are sourced sustainably as most of the raw materials are sourced directly from large scale manufacturers in India and outside India. This ensures quality supplies on consistent basis at the most competitive prices.
- On-line Registration of Suppliers & Service providers are undertaken to have more transparency in procurement. Many new vendors and service providers are registered during the year to enhance competition.
- Company promotes and encourages local and small vendors including MSMEs from the nearby/ surrounding area to procure goods and services. The nearby communities are given adequate opportunities for associating with company on competitive terms and conditions. Feasible preference is also given to MSMEs and small scale industries as per guidelines prevailing from time to time. Local and small scale vendors are educated and encouraged to participate in online tender process as well as reverse auction process. Technical support is also extended to these communities when sought for.
- The Company has well developed process for recycle of products, wastes etc. emanating from the production cycle. Any discharge of waste water, finally outside the factory premises is scientifically processed so as to become eligible for discharge in the effluent channel for further disposal thereof. To ensure this objective, the Company has become the promoter of one of the Common Conveying Channel Company viz. Vadodara Enviro Channel Ltd. The objective of this Company is to maintain the effluent channel, which is connected to the Gulf of Cambay through which its participating members discharge their treated effluents as per pollution control norms. Needless to mention here that before final discharge of effluents into the said channel, they are appropriately treated. The hazardous waste generated by the Company is also scientifically handled and the Company has proper system in place for safe disposal of these hazardous wastes like organic waste from Caprolactam Plants which are sent for incineration at registered TSDF site, spent catalysts are given to registered recyclers, spent oil is given to registered refiners etc.

➢ **Installation of Energy Efficient Cooling water Pump at Melamine-I plant.**

New energy efficient CW pump was installed in place of old & inefficient CW pump at Melamine-I plant. It resulted into annual power saving of 2.0 Lacs unit (Rs. 14.5 Lacs). The reduction in power consumption reduces equivalent power generation at source plants. This will reduce fuel combustion to produce power and ultimately will emit less amount of flue gas containing greenhouse gas.

➢ **Efficiency improvement of Benzene Hydrogenation furnace (H-401-1) at Anone plant, Capro-I:**

Looking to low efficiency of Benzene Hydrogenation furnace, resulting into higher consumption of NG fuel, actions were taken to reduce thermal losses from the furnace, by closing the peep holes and decreasing NG pressure to reduce rate of combustion air ingress to the furnace. Due to these measures, efficiency of the furnace increased. It resulted into annual NG saving of 1.60 Lacs Sm^3 (Rs. 38.4 Lacs). As quantity of NG used for combustion is reduced, corresponding flue gas emissions containing greenhouse gas reduces.

➢ **Steam saving by replacing existing Ejector with energy efficient Ejector, at Urea II Plant:**

New energy efficient ejectors were installed to enhance the efficiency of operation and thereby to achieve steam saving. It resulted into reduction in load on steam generation boilers. It resulted into annual NG saving of 6.73 Lacs SM^3 (Rs. 161.6 Lacs). As quantity of NG used for combustion is reduced, corresponding flue gas emissions containing greenhouse gas reduces.

Principle 3

Businesses should promote the well-being of all employees

- During the time length under discussion, Process Safety Management was strengthened and HAZOP studies have been carried out by inviting two different external agencies. Facelift is given to the Contractors Safety and fresh training modules have been added. Concentrated efforts have been applied on trainings related to personal protective equipments and basic fire prevention as well as usage of fire extinguishers. Safety and Fire trainings have attracted more than 6000 employees, Contractors and visitors. The figure in percentage terms may be expressed as follows:

- 52.35 % permanent employees have been imparted Safety related training during the period.
- 65.78% Women employees have been covered under various safety related trainings during the same period and 55.55% persons with special ability participated in safety and allied program during the period under discussion.
- 100% Contract employees have been imparted safety related trainings during the time length.
- Basic Fire safety awareness sessions have been conducted in school for students in nearby pockets as a matter of fact students of Alembic, Vidyut board and FNC Schools have been trained the figure of such exceeds Three thousand.
- Plant shutdown and start up activities pose hazards that are different as compared to normal working plant hazards and therefore, intensified safety cover have been provided in a structured manner, ensured right kind of hand tools, power tools, lifting tools - tackles as well as material handling and shifting devices only are utilized during plant shut down and start ups.
- Nylon 6 new and WSF project have been completed with cent percent safety, Project work is currently going on for Melamine expansion and CQP etc. which again has its own set of safety challenges. Adequate measures have been taken to ensure safety during Construction, Mechanical and Electromechanical work by putting additional layers of safety and employing safety mechanisms utilized for project related works. ASF project Sikka has been provided with surplus safety surveillance so as to ensure that the entire project work be concluded safely.
- Measures have been initiated to impart mechanical turnaround to fire fighting vehicles and as such Fire tenders are responding quickly to emergency calls and mechanically elevated working platform popularly called as snorkel is ready to offer service on the spur of the moment; it can scale an elevation of nearly 38 Meters. Inculcation of discipline and by way of Drills and training the fitness part of emergency responders has been ensured.
- These are the internal unions of its staff cadre employees which are recognized by the Management. These unions do not have any affiliation political and otherwise and follow the process of collective bargaining for resolving staff related matters.
- All the staff cadre permanent employees are the members of this recognized employees association. The employees also have an autonomy to opt out of the membership any of these unions, if they so desire.

1. Total number of employees: 3879 (264 – Sikka, 198 – Polymers, 3053- Baroda, 364 – Fibre)
2. Total number of employees hired on temporary/contractual/casual basis: 264 (Sikka – 11, Polymers – 5, Baroda – 247, Fibre – 1)
3. Number of permanent women employees: 150 (Sikka – 1, Polymers – 1, Baroda – 145, Fibre – 3)
4. Number of permanent employees with disabilities: 47 (Sikka – 5, Polymers – 2, Baroda – 33, Fibre – 7)

State the Employee association that is recognized by management

- The company has its union of staff employees under the name and style :
  - i. Baroda Unit : “GSF Employees’ Union”.
  - ii. Polymers Unit : GSFC Limited – Polymers Unit Employees Union
  - iii. Fibre Unit : Gujarat Nylon Employees Union
  - iv. Sikka Unit : GSFC (Sikka Unit) Employees Union

Percentage of your permanent employees is members of recognized employee association:

All the staff cadre permanent employees are the members of these recognized employees association. The employees also have an autonomy to opt out of the membership any of these unions, if they so desire

1. 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 for all units.

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

2. Percentage of safety & skill up-gradation training in the last year

Units	Permanent Employees	Permanent Women Employees	Casual/ Temporary/ Contractual Employees	Employees with Disabilities
Sikka	Safety Trg.: 95%, Skill Trg.: 43%	Nil	Safety Trg.: 100%, Skill Trg.: 30%	Safety Trg.: 90%, Skill Trg. : 60%
Polymers	68%	100%	40%	100%
Baroda	49.12%	100%	100%	33.33%
Fibre	90%	100 %	16%	20%

Principle – 4

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

Identifying the Stakeholders and engaging with them through multiple channels in order to hear what they have to say about our products and services are essential parts of our sustainability plan. The health and wellbeing of the communities has always been an important facet of our Company's operations. Our Company extends its social responsibility beyond the statute book and by engaging in strategic and trust based community development interventions.

While our CSR approach focuses on the development of communities around the vicinity of our plants and beyond, we have also developed innovative programmes that leverage our capabilities as a fertilizer and chemical company to ensure equitable distribution of its fertilizers as per Govt. supply plan, thus adding value to the food security of the Nation. While on chemical business plan, the Company strives to touch all walks of life to make a comfortable living.

We are running three schools at our Vadodara, Sikka and Fibre unit in which students from nearby communities are enrolled. Company has tied up with TENVIC Sports Pvt. Ltd., a reputed agency for improving the sports talent amongst the schools run by GSFC at its Vadodara and Fibre Unit and Akshar Trust, a school for deaf and mute children. Karate training is conducted with emphasis on girl students to empower them. We are working with government schools to develop students through coaching in English and Maths.

GSFC does give special attention to disadvantaged stakeholders as evident from Special Children Centre established at Chhani. We provide safe drinking water to four nearby villages. Rejuvenation of Ajwa Garden is a project which not only ensures benefit to society but helps maintain ecological balance. We ensure support to NGOs that are doing excellent for upliftment of the communities but lack resources like United Way of Baroda, Art and Culture Foundation, SVADES etc.

CSR initiatives are undertaken in coordination with government where we are not able to reach the communities in need; recently GSFC contributed for CM's relief fund for the victims of Banaskatha floods. The details of initiatives taken by our Company in the area of community and society development have been provided in the Corporate Social Responsibility which is part of the Annual Report.

In nutshell it fulfils the vision of company's CSR Policy, which is to commit and to integrate its business values, ethics and professional skills to meet the expectations of all our stakeholders by developing, encouraging and supporting various social and economic initiatives, without any duplication of government policies, through our industrial expertise for Sustainable Development.

Principle – 5

Business should respect and promote human rights

- The concept of equality of human beings irrespective of the cast, creed, religion, gender etc. has been the basic principle on which the business of GSFC is based on. Human rights are very well weaved with Code of Conduct for Employees, Human Resource Policies and the settlements reached with the Trade Unions at our plants. Some of the points like prohibition of child labour and forced labour and workers' right to information are of special importance.
- The term 'Human Rights' covers a host of aspects including freedom of association, collective bargaining, non-discrimination, gender equality, avoidance of child and forced labour among others. Your Company is compliant to national regulations pertaining to human rights. The Code of Conduct of your Company also applies to the employees of its subsidiary company.

There are Grievance Redressal Mechanisms in place at all the plants with proportion of workers and management as per the statutory norms. These initiatives provide a sound platform for continued dialog and thus help maintain cordial relation with the workers. During the last financial year, there were no serious complaints received from the stakeholders, which is pending resolution.

Principle – 6

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

The policy related to environment covers all agencies connected to business with GSFC and extends to the Joint Ventures/Suppliers/ Contractors etc. GSFC practices Integrated Management System Policy (Covering Responsible care, Quality, Environment, Occupational Health, Safety & Energy) to ensure safe working environment for the employees & affiliated people.

GSFC is deeply committed to satisfy its social obligations and has made consistent and effective endeavours for creating better environmental conditions through abatement of pollution and adopting sustainable development practices. With the objective of combating climate change, GSFC aligns its business objectives with practices of resource conservation and environment protection. Regular technological initiatives are pressed into service with great vigour to improve and retain the purity of air, water and soil. GSFC has always remained in forefront to make the company green & clean by Landscaping, development of large & beautiful gardens within the complex & in colony and massive Green belt in 118 Ha areas (@ 34% of the total land area).

Our Company has consistently managed and improved the environmental performance. We are sensitive to our role both as user of natural resources and as a responsible producer of Fertilizers & chemicals based products for society. Over the last two decades, our efforts to manage water, energy and material resources have yielded positive results. The manufacturing facilities have established ISO 14001 based Environment Management System. Potential Environment aspects have been identified as a part of EMS. Any deviations from laid down policies and procedures are tracked and reviewed by effective procedures of Corrective Action and Preventive Action (CAPA). GSFC has installed Online round the clock monitoring facility for treated effluent discharge parameters, ambient air and stack air emissions for efficient and better control of pollution. SO2 and Ammonia gas detectors are also installed in various process plants for monitoring of gaseous emissions at source and subsequently better control and implementation of proactive corrections.

GSFC's clean development mechanism (CDM) initiatives bear testimony to the drive to reduce greenhouse emissions. The first CDM project envisages use of waste gas from company's plants to manufacture Ammonia, thereby obviating the need for natural gas fuel for its production. It is a matter of pride that the technology for replacing the fossil fuel has been developed through in-house R&D efforts. Meanwhile, the second CDM initiative is generating 152.8 MW green energy through a cluster of windmills.

Continual adoption of new Technologies and up gradation in the existing process plants is done for energy efficiency, resource conservation and reduction of pollution potential. Use of renewable energy like wind and solar energy is encouraged at all levels of energy production phases.

Our Company considers compliance to statutory EHS requirements as the minimum performance standard and is committed to go beyond and adopt stricter standards wherever appropriate.

The emissions/waste generated by our Company is within the permissible limits given by Gujarat Pollution Control Board for the financial year being reported. One closure direction is received from CPCB with reference to online monitoring system and immediate compliance has been made by taking appropriate actions. Subsequently, CPCB team also visited for verification of compliances. Revoking is awaited from CPCB. No Show cause notice is received from GPCB.

In FY 2017-18, various energy conservation schemes have been implemented for utilization of Low Pressure Steam of ~2.5 kg/cm^2g, which otherwise being vented to the atmosphere, in place of high pressure steam in ejectors, Heat exchangers, steam coils etc. of different plants. This resulted in reduction of load on Steam generation boilers and thereby saving of Natural Gas (NG) fuel. In addition to this, other undertaken measures for improvement in energy efficiency are, optimization of NG fired natural draft furnace, installation of energy efficient pumps, impeller trimming of pumps having process margin, optimization of pump operation, review and revising value of maximum demand as per the plant operation, etc.

On implementation of above mentioned energy efficiency improvement tactics, it resulted into annual reduction in consumption of NG by 12.29 Lacs Sm^3/year and power by 7.47 Lacs kWh/year, respectively. Equivalent monetary saving achieved is Rs. 404.12 Lacs/year. Total cost incurred on account of implementation of above modifications is Rs. 33.1 Lacs and corresponding payback period works out to be ~1 month. As most of the schemes were implemented with minimum or no cost of modification, it resulted into instantaneous payback period with lucrative savings.

Principle – 7

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

Your Company has maintained a fair degree of transparency through timely and adequate disclosure of information to the public and regulatory bodies. Your Company articulates the larger interest of industry and the community at industrial forums. As on 31st March, 2018 your Company is a member of following prominent trade associations viz. Confederation of Indian Industries (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), Federation of Gujarat Industries (FGI), The Fertilizer Association of India (FAI). All India Plastic Manuf. Association, Baroda Productivity Council, British Safety Council, UK P 470, Employees Federation of India, EXIM Club, Indian Chemical Council, Indian Council of Arbitration, National Safety Council

Principle – 8

Businesses should support inclusive growth and equitable development

Company has specified programme as a CSR Activities which has been the part of core business philosophy at GSFC ever since its inception. Today, company has developed CSR as a very special concept to promote the overall development, progress and betterment of people belonging to the weaker sections of society with a view to improve 'Human Development Index' (HDI) with core areas like education, environment, health and sanitation, improvement in nutrition level, support to NGOs, rural development (social & infrastructural), industry-academic interface, support during natural calamities and various other in-house projects.

The CSR projects at GSFC are undertaken through the ideal blend of in-house as well as support of specialized implementing agencies/NGOs. Company has carried out the impact assessment of its CSR initiative. The contribution towards CSR for the F.Y. 2017-18 was to the tune of Rs 09.48 Crores. GSFC is not restricting to 2% as mandated to achieve its CSR objectives; which is clearly shown in detail as CSR report forming part of the Director's Report.

We believe in hand holding with a view to develop the beneficiary in such a way that there is self sufficiency over a period and the project is handed over. One such example is Contribution to Mid-Day-Meal Scheme through The Akshaya Patra Foundation, where GSFC has supported for capital expenditure plus running expenditure for five years and then project has started showing its fruitful results on its own.

GSFC University is insightful CSR initiative from GSFC with a vision to boost quality education needs and eco-friendly technology for urban sustainability. Cutting- edge skill dissemination with a drive to facilitate state-of the art infrastructure and technology for academic pursuits and to fulfil industry requirements to supplement and nourish region's landscape of learning and research is the idea behind establishing this academic institute with industrial support. It is an innovative step towards preparing youth interested in joining the mainstream of development, by moulding their minds, expanding their comfort zones and boosting confidence to deliver quality results all backed by digital knowledge with online course material.

Principle – 9

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

- Your Company places its customers at the center of all its business conducts rather than at the receiving end.
- Your Company believes in implementing the customer feedback into product development and enhancing user experience. In order to facilitate our customers and to communicate their views, feedback, suggestions, complaints etc. your Company has dedicated Product Manager, who is the contact point for the respective products from the stand point of customer feedback and the responsibility is cast upon the Product Manager to resolve the complaint/query of its customers in a time bound manner. Many times, the Product Manager is required to visit the premises of the customers to have the complete grasp of the consumer grievance/complaint for its effective resolution.
- On your company's website, an interactive platform has been created which allows any potential customer to raise queries pertaining to our products and services. All our channels ensure that a potential customer with access to phone/internet is able to engage, receive or share the desired information about our products and services.
- While there are no consumer related legal cases which are pending as at the end of the financial year, there are no customer complaints pending for redressal.
- The products of your Company display all information which is mandated by law including the directions for use. Product information is available in the Product Information Sheet that is available with the dealers of the Company and on the website of the Company.

There are no cases filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years.

The Marketing team of your Company both of Fertilizers as well as Chemicals are in continuous interaction with the end users of its products and any suggestions from the customers are appropriately conveyed at the production level and wherever feasible is being done.

1. MACRO- ECONOMIC REVIEW: 2017-18

Past year has been marked by some key structural initiatives taken by present government to build strength across macro-economic parameters for sustainable growth in future. The transformational Goods and Service Tax (GST) was launched in July 2017 with an aim to consolidate all other indirect tax laws and also to bring a harmonized approach in tax web. With a policy change of such scale, scope and complexity, the transition unsurprisingly encountered challenges of policy, law and information technology system, which especially affected the informal sector of business more. However, expeditious responses followed from Government side to rationalize and reduce tax rates in many sectors at a later date and simplify the compliance burden, which helped in creating accelerated acceptance of GST. Further, the new Indian Bankruptcy Code (IBC) has provided resolution framework that will help corporates clean up their balance sheets and reduce their debt. In another critical move government announced a large recapitalization package to strengthen the public sector banks. Under the shadow of such vital macro-economic adjustments, Indian economy has been marked by swings during last FY. In the first half, India's economy temporarily decelerated, but still remained second best performer among major countries, with strong macroeconomic fundamentals, signaling better time ahead. The major reasons for dismal growth were: aftershocks of demonetization, teething difficulties in the new GST implementation, high and rising real interest rates, rising crude prices and sharp falls in certain food prices that impacted agriculture incomes. However, in the second half, the economy witnessed robust signs of revival. Economic growth improved as the shocks began to fade, corrective actions were taken, and the synchronous global economic recovery boosted exports. The actions taken in correcting macroeconomic fundamentals helped in improving India's ranking in World Bank's index of "Ease of Doing Business" remarkably during the FY. With ongoing reforms, if the world economy maintains its growth momentum, oil prices remain range bound, the Indian economy is undoubtedly heading towards regaining its status of fastest growing economy I medium term.

Until 2016, India's growth had been accelerating when growth in other countries was decelerating. But in 2017 it has happened other way round, primarily on account of structural reforms initiated/implemented by the government through demonetization process & GST. The world economy embarked on a synchronous recovery, but India's GDP growth and indeed a number of other indicators such as industrial production, credit, and investment decelerated. As anticipated, growth in the 1st half of 2017-18 has slowed down substantially to the level of 6%, which has gradually recovered in third and fourth quarter, leading to overall recovery of about 7.5 % in second half. In all, as per the 2nd advance estimates of GDP that the Central Statistics Office (CSO) released recently, the growth rate of GDP at constant market prices for the year 2017-18 is placed at 6.6 per cent, which is the lowest growth in the last four fiscals. The slow pace of growth is largely attributed to slower growth in agriculture to 3% in the fiscal under review from 6.3 % achieved in preceding year. Similarly, the growth in manufacturing sector too has decelerated to 5.1%, lowest in last six years. As a result, the farm sector, which employs most number of people, has its share to GDP falling steadily. Share of agriculture as per cent of GDP has come down to 14.8 per cent from 15.3 per cent last year. While contribution of industries has marginally dropped to 31.04 % from 31.05% in the previous year. Even the declined growth of about 6.6 per cent still makes India's growth and its potential noteworthy on the map of world economy.

- **Indian Agriculture sector:**

At the sectral level, although growth of agriculture & allied sectors is estimated to remain dismal @ 3.0%, since the same is predicted by CSO on limited data base available up to Dec'17, the actual growth figures may come out much higher. The optimism of achieving higher than estimated growth rate of 3.0% stems from the fact that the Rabi 2017 has shown much improved performance.

Agriculture remains a dominant sector of Indian economy, both in terms of contribution to GDP and also as a source of employment to millions across the country. Over last few years, India has emerged as a significant agriculture exporter in commodities like cotton, rice, meat, oil meals, pepper and sugar. However, growth in agriculture largely depends on performance of south west monsoon in India as even today the 60 per cent of agriculture in the country is rainfall dependent.

As against initial prediction of receiving sub-par monsoon in 2017-18 made by many international agencies under the shadow of likely resurfacing of El Nino in India with its likely severe impact on Western & Central India, late good rains received in September'17, especially in Southern & Central states have helped to witness close to 'Normal' monsoon with 95% of the average precipitation in India, which facilitated in pulling back such region from the status of deficit to normal monsoon.

Overall performance of the monsoon remained average in 2017 with 5% deficit rains. From agriculture point of view, although, total quantum of rains revel normal monsoon, its uneven distribution and floods in some states during the season has impacted on productivity of Kharif crops. Although late rains have damaged standing Kharif crops in many areas, it has opened up better prospects for Rabi season in the second half. With late rains, the reservoirs in the country having total storage capacity of 158 BCM water were filled to the level of 87 % (103 BCM), which was also lower by 11% over 2016-17 (117 BCM). With little improved prospects in Rabi season, overall sowing area in agriculture year 2017-18 has been compressed marginally by 1% @ 1693 Lakh Hac.

As a result of near normal rainfall during monsoon 2017 and various policy initiatives taken by present government to boost farm productivity, as per the 2nd advance estimates released by government, country is likely to witness record food grains production in excess of 277.49 MMT in 2017-18, higher by 2.37 MMT than the previous record production of 275.11 MMT achieved in 2016-17. All major cereals and pulses, except wheat and tuwr have achieved record production in 2017-18.

However, production of wheat @ 97 MMT, one of the major staple food crops has declined largely on account of shrinkage in area coverage, besides late sowing took place in Rabi season on account of prolonged rains and delayed on-set of winter. Production of oil seeds, Sugar cane & Cotton remained higher than its average production recorded in the country. Overall seasonal prospects remained sober in the country in 2017-18, leading to bumper harvest, which has helped in lifting the sentiments of the Farmers'.

The uncertainties recognizing the importance of Agriculture sector as integral part of Indian economy and also to strengthen the economic health of the farmer, the present Union Government is committed to double the farm income by 2022, for which it has launched several new initiatives that encompasses activities from availability of quality seeds to output marketing and insurance coverage against natural calamities. These steps include enhanced institutional credit to farmers, access to banking services under Jan Dhan Yojna, promotion of scientific warehousing infrastructure, including cold storages for increasing shelf life of agriculture produce, expanding irrigation base through Pradhan Mantri Krishi Sinchayee yojna with special emphasis on micro irrigation system (MIS) – Per Drop more Crop, market access to farmers through e-market platform, soil health cards, Fasal Bima Yojna to secure the farmers against natural calamities and other non-farm activities to support the income of farmers.

Overall, seasonal prospects in Agriculture season 2017-18 have prevailed relatively well in the country and sentiments at farmers' level have lifted with record harvest of food grains likely to achieve in current FY.

➢ **Performance of Fertilizer Industry in India:**

Year 2017-18 has started with a positive note on two aspects - i) moderated pipe-line stocks with the channels coupled with range bound imports and ii) IMD's prediction of very good monsoon promising for better seasonal prospects to prevail. Unlike past years, wherein, huge imports have taken place irrespective of the demand, during 2017-18 imports have remained range bound and in "piece-meal" manner, which gradually helped in reducing the glut. Even imports of Urea made by GoI were also followed in phased manner so as to avoid the situation of creating undue inventories. Stock levels in the market, including pending un-lifted stocks with the channels have reduced month after month and reached to bear minimum levels in the latter half of the year. With improved seasonal sentiments and moderated availabilities, rebates and credit war has diffused substantially as seasons progressed during 2017-18. Overall the demand-supply equilibrium was relatively well placed for fertilizer market in 2017-18.

Subsidy rates for the year 2017-18 were increased for N & S element by 20% & 10% respectively, whereas, that of P & K elements it has been reduced by 9 % & 20 % respectively over previous year. Overall subsidy rates of fertilizers with higher P&K content like that of DAP, MOP etc. has declined, whereas, that of complexes with higher content of Nitrogen, Sulphur such as APS has increased proportionately.

Implementation of DBT & GST created greater turbulence during major period of financial year 2017-18. Whole of the fertilizer industry was under uncertainty. In case of DBT there were serious issues of procurement of PoS machines and its disbursement as well as installation across the country within time-line, uninterrupted power & connectivity in interior areas, Aadhar card based validation of the farmers & more time taken in generating the bills through PoS as well as training of large number of retailers. Many small retailers have quit fertilizer business under the shadow of DBT. However, at a later stage implementation of DBT has been made in various states in a phased manner and by 1.2.18 it was made applicable across the board. GST has been reduced to 5% from initial levels of 12% thought for fertilizers. Further, subsidy which is also a part of revenue for the industry is exempted from GST. In fact, in general 5% rate of GST has reduced the retail prices of fertilizers by average 1% to 2% in the market v/s pre-GST time. GST on Fertilizer grade Phosphoric acid has been subsequently reduced from 18% to 12%. However, GST @ 18% on sulphuric acid and ammonia and 12% on PA against 5% of GST on finished products, that too only on selling price aggravated the liquidity problem of the industry on account of such uncovered input credit.

With overall improved fertilizer demand worldwide and rising oil prices, international prices of fertilizers and raw materials such as DAP, Urea, Ammonia, Sulphur etc. have experienced an increasing trend in the Financial year under review, especially more sharply during the latter half.

Looking to the better demand prospects in Rabi season, although DAP import prices were increasing, import quantities have stepped up in second half. Tight availability of DAP in the market coupled with moderate availability of PA and its rising cost has provided better prospects for NPK products. Domestic industry has diverted its phosphatic production more towards NPKs so as to make more units out of available P.A. and improve the overall margins. Therefore, both production and sales of NPKs have revived with a margin of 5% & 10%respectively during 2017-18.

Demand of Urea has continued throughout the year but in a little defused manner. Unlike past seasons, there was no any hue and cry about deficit availability of Urea in the states. Government was also cautious on deciding Urea imports. It appears that partly because of improved use efficiency attained through Neem coating and also general awareness created among the farmers for balanced fertilization through soil health card campaign of Government, supported by the promotional efforts of the industry, gradually, the glitter of applying Urea in excess than what it is required is reducing. Moderated demand of Urea has impacted the imports of DAP made by the Urea companies, which used to make trading of such imports largely on the strength of higher stake in Urea segment.

All India Production, Imports & Sales of Urea, DAP & NPK (Lac MT) (Lakh MT)

State	Urea			DAP			NPK		
	2016-17	2017-18	% Variation	2016-17	2017-18	% Variation	2016-17	2017-18	% Variation
Production	242.0	238.6	-1	43.3	46.3	7	79.2	83.2	5
Imports	54.8	59.8	9	43.9	42.2	-4	5.2	5.0	-4
Sales	296.1	303.1	2	88.2	89.8	2	82.5	90.7	10
Closing Stock	13.4	10.2	-23	5.7	2.0	-61	6.4	7.3	14

Source: FAI, New Delhi.

Overall, with better availability of Phosphoric acid and it's by far steady prices during major part of the year, domestic phosphatic production of both DAP & NPK products have registered a growth of 7% & 5% respectively during 2017-18. However, imports of finished fertilizers were followed on consignment basis as per the market opportunities and therefore aggregate imports of both DAP & NPK have declined by 4%. Unlike past years, GoI also have followed the Urea imports cautiously in a piece-meal manner. Urea imports have increased by 9%, higher by 5 LMT in 2017-18, just to take care of the drop in domestic production experienced last year, almost too similar extent. Sales of Urea experienced marginal increase of 2% as against hefty growth exhibited in the range of 5% during past years. With improved awareness at farmer's level and increasing inclination towards customized fertilizers, growth in sales of NPK has remained much higher - 10% as compared to 2% growth in DAP sales. In fact, non-availability of adequate DAP quantities during peak application time in rabi season can also be attributed to such a shift in consumption besides improved availability of NPKs through enhanced domestic production. At the end of the FY 2017-18, stock levels of both Urea and DAP have substantially reduced, whereas, that of NPKs have increased with a margin of 14%. Even pipe-line stocks with the channels have also gone down notably during the year and therefore, now the picture of demand supply equation is more visible in the market.

Inordinate delay in payments of subsidy and freight dues of the industry by the government due to budgetary constraint, coupled with DBT implementation has severely impacted the cash flow position of the industry and compelled for additional borrowing at market rate. Budget 2017-18 has remained disappointing for fertilizer sector. The provisions made for fertilizer subsidy at Rs.70,000 Crores were again found grossly inadequate and had continued to put pressure on cash flow of the industry during whole of the year. Besides relatively lower landed cost of finished fertilizers, domestic production of P&K fertilizers has been suffering due to levy of duty at same rate on both raw materials & finished products. Industry's request to reduce/eliminate duty on raw material import so as to provide level playing field to the domestic industry has not been addressed in the budget.

➢ **GSFC's performance FY 2017-18:**

In spite of having average monsoon and competitive market environment prevailed for fertilizer sector during 2017-18, GSFC could exhibit remarkable growth in agri-business sector and achieved record fertilizer sales (including trading) of 20.08 Lakh MT, which is all time higher sales in the history of GSFC. It is higher by about 4.46 LMT over 2016-17 (15.63 LMT) and also higher by 1.55 LMT over previous record sales achieved in 2009-10 (18.54 LMT). Individually, achieved all time highest sales of Ammonium Sulphate (4.20 LMT). With improved availability of raw materials, Phosphatic production at Sikka unit has improved considerably which helped to achieve highest sales of Sikka products (6.53 LMT) over past five years. DAP sales of 6.61 LMT, including imports is the highest sales achieved in last five years. Volume of traded products @ 4.04 LMT is all time highest. Taking the cognizance of changing buying preference towards customized NPK products from DAP, GSFC started NPK production on regular basis in second half at Sikka and achieved record NPK sales of 1.30 LMT. Our sales in the home market of Gujarat (9.49 LMT) and also in primary market of Maharshtra (2.88 LMT) is all time higher. Overall company has sold about 77% of the total volumes in Primary market of Gujarat and surrounding states in 2017-18. Increased volume in such economic markets will help in improving the overall margins of company.

This has been made possible due to improved availability through Sikka unit, import handling of Urea at Rozy port for the first time and need based imports of DAP & Ammonium Sulphate made at various ports during 2017-18. In order to serve the North Eastern & Southern states economically, imports are supplemented through Vizag and Kakinada ports. Better product qualities, improved packing well supported with intensive promotional campaigns taken by the company during the year under review helped in enhancing acceptance of our brand further in the market. Establishment of Supply Chain Management cell for efficient logistic of fertilizers and other agro products and trading desk to take care of the prompt import decisions helped in improving the overall operational performance of agri business. Establishment of Gujarat Agro tech limited (GATL), an extended retail arm of GSFC has facilitated in strengthening retail business of fertilizers and agro products during the year. GATL has expanded its retail network in Gujarat and neighboring states so as to gradually expand the share of retail sales of various products. This will undoubtedly help company in realizing the subsidy payments fast under DBT regime. The expanded basket of agro-products at retail shops will enhance the foot print of farmers at our retail outlets and improve the overall sales volumes. Various promotional initiatives taken by Government of Gujarat, including Krishi-Mahotsav, special projects runs for tribal farmers, and increased coverage of area under micro irrigation system (MIS) through Gujarat Green Revolution Co. Ltd. (GGRC) etc. has helped state to sustain the agricultural productivity to considerable extent during past few years.

- **Special initiatives taken by the company:**

In order to sustain competition against imported DAP, your company has successfully commenced production of colored DAP at our Sikka unit on regular basis. Continuous usage of anti-caking agent in entire range of phosphatic production has improved the product quality further and it remains quite free flowing to the expectation of the market. Recently, company has also started packing its imported APS in BOPP bags, which will enhance its preference further in the market. With a view to increase the outreach of our fertilizers in North Eastern states economically, started imports of DAP and Ammonium Sulphate on East coast. Started simultaneous production of two to three products at a time at Sikka unit on regular basis, so as to supply product mix in small consignments in various market segments and expand our overall share in non-DAP segment.

With a view to expand agro product business and also retail sales, GATL has been strengthened and developed as agri-retail Company. Penetrating further in Gujarat market through expanding our retail business in the state, GATL is opening new outlets, revamping existing outlets and launching various farmer friendly schemes. At Baroda, besides, supplies of bulk fertilizers, stepped up production of full range of WSF products, SAG, City compost, TCB plants etc. to tap the market demand for such high value inputs through GATL. GATL is also focusing on trading business of high value inputs like seeds and pesticides. It has also developed business synergy with big institutional agencies like state Marketing federations of Punjab, MP etc in mutual business interest. Company has tied up its procurement of trading products with reputed sources in individual sectors having quality products.

Recently, your company has entered into new market of Himachal Pradesh and also contemplating to start business in Uttrakhand from current season besides consolidating its presence into existing markets so as to expand overall volumes. Concerted efforts are initiated to economies the cost, especially logistic & inventory management of our products. With a view to remain more market centric, our access to the market has been accelerated during the year under review. Special promotional efforts are initiated for enhancing our brand preference in the market. Focused campaigns are organized to promote Sulhpur based fertilizers and NPK products in various states. Stringent monitoring and close follow up for recovery of out standings in the market, deployment of special chasers in some of the states having higher stake in over dues and also following up with GoI for pending subsidy bills on daily basis has helped us to recover major amount and sustain cash flow.

Aiming to reduce the freight cost of farmers on fertilizers and ensure timely availability of fresh and quality material, company has launched "Door to Door" (D2D) delivery scheme in Gujarat on experimental scale, wherein fertilizers are supplied to the farmers in truck-loads free of freight cost within stipulated timeline, which has been well received by the farming community. Company through its retail arm GATL has also opened up first urban outlet at its corporate office and planning to expand the numbers especially to satisfy the multiple needs of urban customers. A fertilizer vending machine has been installed at Vadodara so as to facilitate purchase of required quantities of fertilizers in loose by the kitchen garden lovers as well as small and marginal farmers. Company has entered into special MoU with M/s Hindustan Petroleum to set up such vending machines at various strategic outlets of HP in a phased manner. Special software developed by the company provides details to the farmers on necessity for applications of various fertilizers with different cost options, once farmer get the soil sample analyzed through GATL outlets. On biotechnology front, company has started developing TCB entrepreneurs which will help in generating rural employment, besides furthering up business opportunities for Tissue culture based plants.

- **Areas of concern:**

Government Subsidy accounts for more than 75% of revenue of the Urea suppliers and about 35% in case of P&K fertilizers. Therefore, its timely payments are very important for sustaining financial health of the industry. However, unfortunately, releasing payment of subsidy by Government gets inordinately delayed primarily because of under provisioning in the union budget besides cumbersome procedures. Inordinate delays in subsidy payments entails to liquidity crisis and higher borrowing cost at industry level.

Movement restrictions through rail, road beyond prescribed distance from plant/port, inhibit the expansion of marketing territories by the industry. Regulation of movement through supply plan limits the market development in various territories and results into inconsistent presence in farther but important market segments.

Continuing Urea out of the NBS policy and keeping its MRP at quite low level v/s that of P&K fertilizers has distorted the NPK usage ratio and affecting the soil productivity adversely.

GSFC's higher dependence on imported raw materials, especially Phosphoric Acid (PA) for Sikka unit affected the production of Phosphatic fertilizers through Sikka unit over last few years. This constraint, however is mitigated partly through PA supplies gradually getting channelized through our JV partner TIFERT besides supplementing DAP requirement through imports.

On account of India's over reliance on imports for both, raw materials & also finished fertilizers and global suppliers are by far common for both the category of imports; as far as competitiveness is concerned, domestic industry is always at disadvantage vis-à-vis imported finished fertilizers.

- **Recent Developments and outlook for 2018-19:**

Direct benefit transfer (DBT) scheme implemented all across the country w.e.f 1.2.18 will allow 100% subsidy to be released only after sales made to farmers through Point of Sale (PoS) machines based on biometric verification. This will delay subsidy receipt to considerable extent for the industry, creating further pressure on working capital. Moreover, the procedure of generating bills through PoS machines is time consuming; there is no incentive for the retailers though it entails additional cost on them, frequent power cut and connectivity issues in rural areas pose/shall pose lots of issues for DBT implementation.

Subsidy rates for P&K fertilizers for 2018-19 are fixed with a reduction in per kg subsidy on N & K elements @ 0.5% and 10% respectively, whereas, that of P & S element has been raised by 27% and 22% respectively. Overall subsidy rates of fertilizers with higher P content like that of DAP & APS have been increased by 16% & 11% respectively and proportionately in case of other phosphatic grades.

Keeping in view its commitment to double farmers' income by 2022, present government continued to maintain its emphasis on agriculture and rural sector in the Union Budget 2018-19. The budget allocation made for Institutional farm credit to Rs. 11 lakh Crore is higher by 10 % over provisions made in 2017-18 for agriculture & rural sector with focused agenda largely on expansion in credit flow to farmers, optimal utilization of water resources, creating infrastructure for agriculture, promoting soil test based balanced use of inputs, crop insurance and providing value addition & connectivity from farm to market through e-market platform. Such special initiatives will give boost to agriculture and in turn to the input markets like fertilizers.

Recognizing the dire need to review the existing system of deciding minimum support price (MSP) so as to ensure better return to the farmers on their harvest, in the Union Budget 2018-19 GoI has advised NITI Ayog to work out the mechanism which can guarantee output prices one and half times of their production cost of the crops. In order to protect the interest of small and marginal farmers 22,000 rural haats will be established. Similarly, protecting the Potato, Tomato and onion growing farmers from price fluctuation in the market during harvest time and to protect farmer and consumer, a special scheme called "Operation Green" has been launched. Two new funds of Rs.10,000 Crore announced for Fisheries and animal husbandry sector, which will facilitate supplementing farmer's income. Special emphasize given to food processing sector will help for further value addition in farm sector.

However, as far as fertilizer sector is concerned, the budget has remained disappointing. The budget has no take away on promoting balanced use of fertilizers and deteriorating health of fertilizer industry. Regulated retail prices of Urea will continue to provide an incentive for it's over usage by the farmers. The budgetary provisions made for fertilizer subsidy at Rs.70, 090 Crore is grossly inadequate considering likely unpaid subsidy arrears of 2017-18 to the tune of Rs.23, 000 Crore and would continue to put pressure on cash flow of the industry. Besides relatively lower landed cost of finished fertilizers, domestic production of P&K fertilizers has been suffering due to levy of duty at same rate on both raw materials & finished products. Industry's request to reduce/eliminate duty on raw material import so as to provide level playing field to the domestic industry has not been addressed in the budget.

Indian Meteorological Department (IMD) has predicted "Normal" Monsoon for current Kharif season, expecting about 97% rainfall of long period average, which is quite encouraging and promises for better seasonal prospects to prevail in 2018-19. Another private Met agency Skymet has predicted 100% monsoon of LPA, with no possibility of nationwide drought or deficient rains. The prediction will brighten the prospects for agriculture and lead to healthy consumption of agri inputs like fertilizers in 2018-19.

Ongoing economic reforms in India helped in improving India's ranking in World Bank's index of Ease of Doing Business remarkably in last FY. With forecast of normal monsoon now, the situation may help to retain the growth in agriculture above 4% in 2018-19.

With moderate/lower imports of fertilizers made in 2017-18, coupled with relatively better demand opened up in Rabi season, the pipe-line stocks with the channels have declined substantially as on 1.4.18. Moreover, with increasing world crude prices and improved demand for fertilizers in other nations besides depreciation of rupee value in the recent time, prices of finished fertilizers and raw materials have increased substantially over past four months and therefore, imports are followed in a restricted manner so far. Therefore, moving forward it appears that demand-supply equilibrium of fertilizers is continue to be placed better , which promise for very good fresh demand to prevail in the market. Having moderate availability and higher cost of imports, market is all set to increase the selling price of P&K fertilizers and reducing the margins as well as tightening the credit time lines.

Vigorous promotional campaigns taken by the company across the states is expected to help in increasing the market share of Ammonium Sulphate as well as NPK products.

Overall, demand outlook in general for the fertilizer industry looks positive for 2018-19 as far as "real" consumption at farmers' level is concerned.

2. RAW MATERIAL PRICES:

The international prices of raw materials were lower during FY 2017–18 as compared to 2016–17. The average CFR prices of Phosphoric Acid (PA) which was USD 617 per ton during 2016–17 went down to USD 600 (2.76%) per ton during 2017–18.

The average prices of Ammonia decrease during 2017–18 as compared to 2016–17. The average CFR prices of Ammonia during 2016–17 was USD 350 per ton went down to USD 331 (5.42%) per ton during 2017-18. On an average, there was 5.42% decreases in prices of Ammonia as compared to 2016–17.

The average CFR price of Rock Phosphate Increase during 2017–18 as compared to 2016–17. The average CFR price of Rock Phosphate during 2016–17 was USD 68 per ton went up to USD 71 (4.41%) per ton during 2017–18. On an average there was 4.41% increase in price of Rock Phosphate compared to 2016–17. The reason for increase was better quality Rock Phosphate with higher P2O5 content which ultimately enhanced production.

The price of Sulphur increase during 2017–18 as compared to 2016–17. The average CFR price of Sulphur during 2016–17 was USD 95 per ton went up to USD 140 (47 %) per ton during 2017–18. On average, there was 47% increase in price of Sulphur as compared to 2017–18. The price of sulphur is governed by international markets (mainly china). Recently, GSFC have also initiated purchase of Molten Sulphur at price lower than regular contract prices.

Average price of Raw Material products ($ / MT)

Product	2016-17	**2017-18**	% Increase/Decrease
Phos. Acid (C & F)	617	600	(-)2.76
Ammonia (C & F)	350	331	(-)5.42
Rock Phosphate (C & F)	68	71	(+)4.41
Sulphur (C & F)	95	140	(+)47

3. INDUSTRIAL PRODUCT SCENARIO:

The Financial year 2017-18 witnessed series of events like introduction of GST regime, change in bank borrowing under new norms, stringent environment protection laws in China, ongoing geo political turbulence between two power centers of the globe and comparatively lower rainfall and marginally lower GDP than FY2016-17.

As per second advance estimates of CSO office released on 28th Feb 2018, revised India's GDP is estimated at 6.6 percent which is marginally lower than GDP of 7.1% in FY2016-17

Private consumption whose contribution to GDP is 68 percent – moderated in second half. GST (Goods and Service Tax) implementation had an adverse, even if transient, effect on urban consumption through loss of output and employment in the labor-intensive unorganized sector.

During second and third quarter of financial year, some of the downstream sectors have faced the transitional phase of GST hence, off take of products and production were affected to the certain extent. Financial markets turned volatile during fourth quarter of the financial year triggered by uncertainty regarding the pace of normalization of US monetary policy, and concerns surrounding global trade.

The general index for the month of February 2018 stands at 127.7, which is 7.1 percent higher as compared to the level in the month of February 2017. The cumulative growth for the period of April- February 2017-18 over the corresponding period of the previous year stands at 4.3 percent

The exchange rate (Indian rupee Vs US Dollar) has witnessed two way movements since October 2017. It appreciated till the early part of January 2018 on buoyant capital inflows and weakening of the US dollar. Subsequently, it depreciated from early February, following the release of stronger than expected US non-farm payrolls and wages data. This fuelled expectations of a faster pace of interest rate increase by the US Federal Reserve and resulted into Indian rupee depreciation by March, the exchange rate of the rupee was close to its October 2017 level.

The crude oil prices started upward trajectory since July 2018 onwards from US Dollar 47.86 per bbl to US Dollar 63.80 per bbl in March 2018 averaged at 56.39 $/bbl for FY2017-18 which is higher by 18.56% as compared US Dollar 47.56 per bbl average price during FY2016-17.

China's government has recently taken a more proactive approach for regulating environmental laws. As a result of crackdown, 40% of all China's factories have been shutdown. Some of the major industries affected heavily are rubber, chemicals, coating, plastics, dying, metal and textiles located in Shandong, Henan, Hebei, Tianjin.

Due to the closure of some of major chemical factories in China and rise in cost of crude oil, the prices of company's major Industrial products like Caprolactam, Melamine, Nylon-6 Chips and Hydroxyl Amine Sulphate have also followed the same trend.

On the downstream segment, there was healthy demand which has resulted into ever highest sales of Nylon-6 Chips and ever highest export of MEK Oxime of the company.

Aggregate demand is expected to improve in 2018-19 supported inter alia, by the improving GST implementation, recapitalization of PSU banks and the resolution of distressed assets under Insolvency and Bankruptcy Code (IBC). With the acceleration in global trade, the Indian economy could benefit from buoyant external demand. In addition to the usual monsoon related uncertainty, inflation faces upside risks from variety of other factors, especially due to the oil prices, fiscal slippage.

4. FINANCIAL PERFORMANCE OF THE COMPANY DURING FY 2017-18:

Your Directors wish to present, in the Table below, the brief highlights of Company's financial performance.

Particulars	Standalone		Consolidated	
	₹ in Crores	Increase / Decrease over previous year	₹ in Crores	Increase / Decrease over previous year
Sales turnover	6309	+15%	6309	+15%
EBIDTA	661.27	+22%	661.27	+22%
Profit Before Tax (PBT)	490.80	+31%	490.80	+31%
Profit After Tax (PAT)	475.74	+13%	475.74	+13%

GSFC's Sales Turnover for the Year ended March 31, 2018 was Rs.6309 Crore which is by higher by 15% as against Rs. 5477 Crore as on March 31, 2017. The Fertilizer Sales was Rs.3686 Crore as against Rs.4367 Crore in the previous year while for the Industrial Product Segment; your Company registered net sales of Rs.1790 Crore as against Rs.1959 Crore in the previous year.

The following table highlights the segment wise distribution of Fertilizers v/s Industrial Products in the net sales of the Company during the last two Financial Years.

Particulars	**2017-18**		2016-17	
	₹ Crores	**%**	₹ Crores	%
Fertilizer Segment	4519.23	71.63	3686.42	69.03
Industrial Product Segment	1790.04	28.37	1790.46	30.97
Total	**6309.27**	**100.00**	**5476.88**	**100.00**

The EBIDTA is Rs.661.27 Crore. The Profit Before Tax is Rs.490.80 Crore and Profit After Tax is Rs.475.74 Crore. At the end of the Financial Year 2017-18, the Company has total short term borrowings of Rs.841 Crore as against Rs.701 Crore as on March 31, 2018. The Earning Per Share (EPS) was Rs.11.94 as compared to Rs.10.53 during the Financial Year 2016-17.

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

There exists a comprehensive system of internal controls in place. The internal auditors of the Company comprehensively carry out their audit and their observations/audit queries are being discussed and debated at length by the Audit Committee. The Audit Committee of the Company also reviews the follow-up actions in respect of the items which did not get closed and seek explanation for the open items. The internal control system is so designed that a particular transaction gets filtered at different levels so as to ensure that proper recording of such transaction takes place and no unscrupulous elements get into the system. The company uses the SAP platform where-in the roles, responsibilities and authorities are well defined and no deviation is allowed without proper management approval.

6. TEN YEARS PRODUCT PERFORMANCE RECORD:

The last 10 years' Product-wise performance years is given below:

PARTICULARS	Unit	**2017-18**	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
PRODUCTION											
FERTILIZERS	MT	1678958	1507991	1491741	1385857	1423059	1436535	1470350	1556172	1812570	1469470
AMMONIUM SULPHATE	MT	372330	337370	334030	318680	306671	315145	298000	278470	271580	265710
AMMONIUM SULPHATE PHOSPHATE	MT	282360	313860	328430	337930	336340	294600	302800	280500	293600	207500
DI-AMMONIUM PHOSPHATE	MT	503830	411850	370200	314600	390300	424520	534100	706170	921090	674280
N P K	MT	154220	38340	47650	15460	19520	10280	0	0	0	41480
UREA	MT	361181	406571	411431	399187	370228	391990	335450	291032	326300	280500
CAPROLACTAM	MT	86662	86191	86297	89918	84856	83180	80503	79577	81151	70913
NYLON-6	MT	20215	17421	9885	9400	9751	9659	8914	9464	8715	8783
MELAMINE	MT	15188	14886	15697	14284	14916	14001	15279	13938	13735	13655
ARGON	'000NM3	3319	3549	3581	3611	3334	3458	3270	3327	3464	3183
MONOMER	MT	3187	751	2281	3435	3227	3116	4287	4547	4597	3469
ACRYLIC SHEETS	MT	10	0	122	79	780	566	876	721	687	552
ACRYLIC PELLETS	MT	9	285	1346	969	1701	1974	2046	1710	1937	1887
NYLON FILAMENT YARN	MT	811	4044	4219	3427	3643	3080	3910	4361	4433	4498
NYLON CHIPS	MT	2749	6559	8397	9114	9219	6563	5103	5399	4652	5097

PARTICULARS	Unit	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
SALES											
FERTILIZERS*	MT	1604222	1412044	1434684	1320471	1383154	1395376	1441232	1571500	1797894	1382463
AMMONIUM SULPHATE	MT	360555	308214	329778	315926	309843	320007	302915	336988	278211	229472
AMMONIUM SULPHATE PHOSPHATE	MT	299025	290107	334072	334193	335865	296470	304940	277285	293115	199853
DI-AMMONIUM PHOSPHATE	MT	500999	417820	368874	302666	386585	431238	543699	707529	948171	676957
N P K	MT	130194	35024	46558	14628	25811	3925	0	0	21	42071
UREA	MT	313448	360879	355402	353058	325051	343736	289678	249699	278375	234110
CAPROLACTAM*	MT	63217	63101	66483	68901	65725	64728	63082	61770	62650	53859
NYLON-6	MT	22569	13697	9999	9701	9915	9732	8756	9623	9189	8496
MELAMINE	MT	15298	15341	15096	14283	15378	14166	15283	13319	13695	14115
ARGON	'000NM3	3317	3546	3599	3622	3313	3453	3272	3327	3464	3184
MONOMER*	MT	3236	480	1947	2934	1316	2108	2036	2292	2282	1374
ACRYLIC SHEETS	MT	76	91	112	122	707	678	726	728	696	584
ACRYLIC PELLETS	MT	44	344	1365	984	1705	1978	1993	1855	1883	1916
NYLONE FILAMENT YARN	MT	991	4309	2706	3233	3378	2924	3319	4033	4081	4740
NYLON CHIPS	MT	3730	4296	6262	6514	6455	6331	5121	5251	4596	5500

*excluding captive consumption

7. RISK MANAGEMENT:

Changes in Government policy, currency risk, fluctuation in input prices, increase in NG prices, insufficient availability of natural gas and raw material in the international market will have an impact on Company's profitability.

Market may experience frequent changes in the price of domestic Phosphatic Fertilizers depending upon the cost of production of the manufacturers. The resistance from farming community has impacted demand. DAP sales was 111 Lakh MT during 2010-11 which has gone down substantially during the subsequent years (74 Lakh MT during 2013-14, 76 Lac MT in 2014-15 & 98 Lac MT in 2015-16). With sharp increase in NG price, prices of Phosphatic fertilizers would go up. In the current scenario, good and widely distributed rainfall, smooth & comparatively cheaper availability of raw materials and timely reimbursement of subsidy by the Govt. of India would be the prime catalysts for the Company to sustain its operations profitably.

In the above likely scenario, the Company is focusing on the efficiency improvement with higher production levels, efficiencies in raw material procurement, increased availability through imports, reduction in marketing & distribution costs, production of various complex grades at Sikka and proper product/segment strategies to maximize the sales to achieve better contribution from its product basket.

To control the financial risks associated with the Foreign Exchange/ Currency rate movements and their impact on raw material prices, the Company has put in place a sophisticated Foreign Exchange Risk Management System.

8. RESEARCH AND PROMOTIONAL ACTIVITIES:

Your company has state-of-the-art Soil & Water Testing Laboratory since 1969 to guide the farmers for judicious & balance use of fertilizers, micronutrients as well as soil amendment like Gypsum by testing their soils which facilitate maintenance of soil health & their fertility. Your company has also analyzed a large number of soil samples to help in the mission of Govt. of Gujarat for providing Soil Health Card to the farmers. One Mobile Soil Testing cum Audio-visual Van is also operated to provide soil & water testing services at the doorstep of the farmers. Your company has published book on Soil Atlas of Gujarat based on soil testing data to guide the farmers for judicious use of fertilizers & improvement of soil health.

Your Company is having Sardar Agrinet Call Centre well equipped with effectively and efficiently organized telecommunication infrastructure with Toll free number & use of information technology, computer support and human resources for instant response to farmers' queries in local language. Subject Matter Specialists (SMS) interact with farmers, understand their problems and answer the queries. It has backup the farmers of Gujarat with valuable knowledge base on new technologies on various crops for improving cultivation and productivity.

Your Company is organizing regular & re-orientation Farm Youth Training Programs since 1986 in coordination with Agriculture Universities of Gujarat to educate the young generation of Farming Community regarding latest agricultural technology and also motivate them to adopt it for increasing farm productivity. It organizes four regular & one re-orientation Farm Youth Training Programs every year to promote high-tech agri-concepts among the farmers, who are now decision makers.

Your company is publishing agricultural monthly magazine of 'Krishi Jivan' since 1968 in local language. It has one of the highest circulations i.e. 50000 copies per issue. It provides latest agriculture information to farmers based on scientific research of scientists of Agriculture Universities and acts as a link for transfer of technology from 'Lab to Land'.

Your Company is concerned about the environment and ecological balance and in its endeavor it is contributing through tree plantation, garden development & maintenance etc. with an objective to turn GSFC 'Green to Greener' and thus also supporting the initiative of Govt. of Gujarat in this direction.

For encouraging urban population to increase greenery and maintaining the ecological balance, your Company sponsored Fruit, Flower & Vegetable shows in association with Baroda Agri Horti Committee. It has participated in the competitions and won accolades and appreciation and sales plants and Agro Inputs from "KRISHI SEVA SAMAGRI KENDRA".

- **GSFC Agrotech Limited**

GSFC Agrotech Limited (GATL) is 100% subsidiary company of Gujarat State Fertilizers & Chemicals Ltd. (GSFC) which was established with an objective to cater better services to the farming community, and establish its foot prints in Agri Business Sector and is registered under Companies Act 1956 during April 2012. GATL's main focus is on developing solutions for sustainable Agriculture by manufacturing/ supplying quality and affordable Agricultural inputs like fertilisers, Water Soluble Fertilizers, Seeds, Plant growth promoters, Liquid Biofertilizers & Tissue Culture Plants. To achieve effective implementation of programmes for all round development, besides farming activities, GATL has set up Agro Development & Agro Services department staffed with agricultural scientists, experts in different fields and technically trained staff for the effective transfer of technology from lab to land.

GATL has excellent marketing network in terms of more than 210 plus Farm Information Centres cum depots (Kisan Suvidha Kendra) backed by strong rural and Agricultural programs designed with the sole concept of propagating modern and hi-tech farming by providing technical knowhow in rural areas. Kisan Suvidha Kendra, one per talukas was set up to provide agro inputs & appraising farmers about latest innovation in agriculture through single window system. These centres are venues for field demonstrations, crop seminars, and effective transfer of improved agricultural technology, storehouse of quality seeds & agro chemicals and service centres providing technical guidance for modern agricultural practices.

GATL has state-of-the-art Soil & Water Testing Laboratory to guide the farmers for judicious & balance use of fertilizers with integrated nutrient management concept. A Mobile Soil Testing cum Audio-visual Van is also operated to provide soil & water testing services at the doorstep of the farmers. We have also mapped the soils of entire Gujarat & have published Soil Atlas of Gujarat for farmer's convenience. GATL is currently contributing to the mission of Gujarat government to provide Soil Health Card to the farmers by analyzing soil samples

GATL is also providing farm advisory services through "Sardar Agrinet Call Centre" through which experts assist farmers online as well as through Toll free telephone services.

Farm Youth Training programs are also organized regularly in collaboration with State Agricultural Universities to educate young farmers for latest agro-techniques and scientific farming. These youths are being motivated to form SUKH clubs for undertaking overall development of their villages.

GATL is publishing agricultural monthly magazine of 'Krishi Jivan' in Gujarati & Hindi with a circulation of **50000** copies which is one of the highest in Industry. It provides latest agriculture information to farmers based on scientific research of scientists of Agriculture universities and acts as a link for transfer of technology from 'Lab to Land'.

Company is also encouraging urban population to contribute towards maintaining the ecological balance through our own Urban Outlets we are providing plants & customised Agro inputs to our urban customers. We have also sponsored Fruit, Flower & Vegetable shows in association with Baroda Agri Horti Committee and have participated in various competitions and won accolades and appreciation.

9. SAFETY, HEALTH AND ENVIRONMENT:

During the year under review, Health Safety Management System as well as elements of Process Safety Management were strengthened both of which are the fundamental building block of Safety in any industry.

External Safety audit of the GSFC Vadodara complex was carried out by third party.

HAZOP studies have been conducted by inviting two different external agencies. Facelift is provided to the modules of the Contractors Safety training topics. Focused Efforts have been pinned on trainings related to personal protective equipments and basic fire prevention; utilization of fire extinguishers etc.

Safety and Fire Trainings have covered more than 3500 employees Contractors and visitors during the last FY 17-18.

Basic Fire safety awareness sessions have been imparted to school going students in adjacent Taluka places in association with District Disaster Management centre; covered schools under the ambit of Padra and Savli Taluka. Both Manmade and artificial disaster were covered and methods of mitigation were shared as a part of interactive sessions.

Plant shutdown and start up activities pose hazards that are different than working plant hazards and therefore intensified safety covers have been provided in a structured fashion, ensured right kind of hand tools, power tools, lifting tools tackles as well as material handling and shifting devices utilization to ascertain robust safety during plant shut down and start up activities. Pre Start up Safety Review and Non routine work permit as per checklist and in accordance with stipulations of SOPs has been ensured. Personal protection often termed as the last line of defense has always been emphasized and ensured for Employees, Contractors and Visitors.

Project work is going on for Melamine III which again has its own set of safety challenges. Adequate measures have been taken to ensure safety during Construction, Mechanical and Electro-mechanical work by elevating the safety measures and employing safety mechanisms utilized for project related works. Joint safety campaigns have been launched together with M/s L & T as well.

During the FY 17-18 GSFC BU clocked more than 20 Million Safe Man hours without a lost time injury.

Measures have been put in place to impart mechanical turnaround to fire fighting vehicles and as such Fire tenders are quick response vehicles now and mechanically elevated working platform popularly called as snorkel is ready to offer service on the spur of the moment and can scale an elevation of about 36 Meters.

10. HUMAN RESOURCES:

Shareholders are requested to refer to point 26 on page no. 17 Of the Directors Report which forms part of the Annual Report.

For and on behalf of the Board

Sd/-

Place: Fertilizernagar

DR. J. N. Singh, IAS

Date :

Chairman

CAUTIONARY STATEMENT:

Some of the statements made in this "Management Discussion & Analysis Report" regarding the economic and financial conditions and the results of operations of the Company, the Company's objectives, expectations and predictions may be futuristic within the meaning of applicable laws/regulations. These statements are based on assumptions and expectations of events that may or may not materialize in the future.

The Company does not guarantee that the assumptions and expectations are accurate and/or will materialize. The Company does not assume responsibility to publicly amend, modify or revise the statements made therein nor does it assume any liability for them. Actual performance may vary substantially from those expressed in the foregoing statements. The investors' are, therefore, cautioned and are requested to take considered decisions with respect to these matters.

Data sources : Websites of (1) Ministry of Finance, Department of Economic Affairs, (2) Ministry of Fertilizers & Chemicals, Department of Fertilizers, Govt. of India, (3) Central Statistical Bulletin, (4) FAI, New Delhi, (5) Economic Survey- 2017-18, (6) Fertilizer Market Bulletins and (7) Ministry of Agriculture & Farmers' Welfare, GoI. (7) Union Budget 2018-2019(8) India Meteorological Department (IMD), Government of India

CORPORATE GOVERNANCE REPORT

THE PHILOSOPHY

Corporate governance is about commitment to values and ethical business conduct by an organization. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is an integral part of corporate governance. This enhances public understanding of the structure, activities and policies of an organization. Consequently, the organization is able to attract and retain investors and enhance their trust and confidence.

We believe that sound corporate governance is critical for enhancing investors' trust and seek to attain business goals with integrity. Our Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures always seek to attain the best practices followed. We also endeavor to enhance Stakeholders' value and respect minority rights in all our business decisions with a long term perspective.

Our corporate governance philosophy is based on the following principles:

1. Satisfying the spirit of law and not just the letter of law.
2. Transparency and maintenance of a high degree of disclosure levels.
3. Make a clear distinction between personal conveniences and corporate resources.
4. Communicating effectively, in a truthful manner, about how the Company is run internally.
5. Comply with the Law of Land.
6. Having a simple and transparent corporate structure driven solely by business needs.
7. Firm belief that Management is the trustee of the shareholders' capital and not the owner.

The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of all our Stakeholders. We believe that an active, well-informed and independent Board is imperative for ensuring highest standards of corporate governance.

The Company is having an appropriately constituted Board, with each Director bringing in key expertise in their respective professional arena. The Chairman of the Company is a Non-Executive Director. More than half of the Board consists of Independent Directors. In fact, the Board of GSFC comprises of entirely non-executive Directors except the Managing Director (MD), who is an Executive Director.

There is a proactive flow of information to the members of the Board and the Board Committees enabling discharge of fiduciary duties effectively. The Company has full-fledged systems and processes in place for internal controls on all operations, risk management and financial reporting. Providing of a timely and accurate disclosure of all material, operational and financial information to the stakeholders is a practice followed by the Company. The Company conforms to the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All the Committees of the Board like Stakeholders Relationship Committee, Finance-cum-Audit Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee, Risk Management etc. that are constituted under the Code of Corporate Governance, have been functioning effectively.

The Board of Directors of the Company has formally adopted the Code of Conduct way back at its Meeting held on 28-01-2005, which has subsequently been updated from time to time. The Code has been made applicable to the Board of Directors and the Senior Officers of the Company, i.e. all the members of the Internal Management Committee of the Company. The code includes honesty and integrity in all the transactions concerning the Company, conflict of interest, insider trading, protection of assets, communication, duties of independent directors etc. The code of conduct is also available on the website of the Company at www.gsfclimited.com. The Company firmly believes and accepts that this code of conduct cannot be expected to remain static and therefore, it would need continuous improvisation as per moral, cultural and ethical sense of values encountered by the Company with the passage of time.

1 BOARD OF DIRECTORS :

☞ COMPOSITION AND CATEGORY OF DIRECTORS :

The strength of the Board of Directors as on 31st March, 2018 was eight; its composition is tabulated below:

	Name of Directors	Category
1	Dr. J. N. Singh, IAS, Chairman	Promoter, Non- Executive Non Independent, Non Rotational Director
2	Shri A. M. Tiwari, IAS, Managing Director	Promoter, ExecutiveNon Independent Non Rotational Director
3	Shri D.C. Anjaria	Non ExecutiveIndependent Non Rotational Director
4	Prof. Vasant P. Gandhi	
5	Shri Ajay N. Shah	
6	Shri Vijai Kapoor	
7	Smt. Geeta Goradia	
8	Shri Sujit Gulati, IAS	Non Executive, Non Independent Rotational Director
9	Shri Anil Mukim, IAS (till 07-03-2018)	

In all, six meetings of the Board of Directors of the Company were held during the Financial Year 2017-18 as detailed below:

Sr. No.	Dates of Board meeting	Board strength	No. of Directors present
1.	29/05/2017	9	7
2.	20/06/2017	9	4
3.	04/08/2017	9	6
4.	08/11/2017	9	7
5.	12/02/2018	9	7
6.	31/03/2018	8	5

Note: The gap between the two board meetings never exceeded 120 days.

The details relating to the names and categories of the Directors on the Board, their attendance during FY 2017-18 at the Board Meetings and the 55th Annual General Meeting, their Chairmanship/ Membership in the Committees of other Companies are given below:

Sr. No.	Name	Category	No. of Equity shares of the Company held by him	No. of Meetings attended	Attendance at the last AGM	No. of other Directorships/ Memberships	No. of Committees in which Chairman/ Member (Including GSFC Ltd.)	
							Chairman(*)	Member(*)
1	Dr. J. N. Singh, IAS Chairman	Promoter's i.e. GOG NomineeNon-Executive Director	-	5	No	10	_	_
2	Shri A. M. Tiwari, IAS Managing Director	Promoter's i.e. GOG Nominee Executive Director	-	6	Yes	4	-	1
3	Shri D. C. Anjaria	Non-Executive / Independent Director	@1450	5	Yes	6	2	-
4	Prof. Vasant P. Gandhi	Non- Executive / Independent Director	-	4	Yes	2	1	2
5	Shri Ajay N. Shah	Non- Executive / Independent Director	-	1	No	4	1	1
6	Shri Vijai Kapoor	Non- Executive / Independent Director	-	6	No	2	-	-
7	Smt. Geeta Goradia	Non- Executive / Independent Director	-	2	Yes	6	-	4
8	Shri Sujit Gulati, IAS	Non- Executive / Non-Independent Director	-	3	No	10	-	1
9	Shri Anil Mukim, IAS (till 07.03.2018)	Non- Executive / Non-Independent Director	-	4	No	1*	-	-

@ Holding 1450 Equity Shares in personal capacity.

** Directorship in SSNNL is reflected in MCA Website.*

*(*) In accordance with Clause 26 of SEBI (***Listing Obligation and Disclosure Requirement)** *Regulations, 2015, Membership/ Chairmanship of only the Audit Committee and Stakeholders Relationship Committee of all Public Limited Companies including GSFC have been considered.*

None of the Director is a member in more than ten Committees or is a Chairman in more than five committees, across all Companies in which he is a Director.

Notes: (i) None of the Directors is inter se related to any other Director.

(ii) None of the Directors has any business relationship with the Company.

(iii) None of the Directors received any loans and advances from the Company during the year.

All Directors including independent directors meet with the requirements pertaining to the number of membership on the Board as well as membership/ chairmanship of the Board level Committees.

Disclosure regarding appointment/ re-appointment of Directors:

Shri Arvind Agrawal, IAS has been appointed w.e.f. 04.06.2018 as a rotational Director in place of Shri Anil Mukim, IAS, Director of the Company (till 07.03.208).

Shri Raj Gopal, IAS has been appointed w.e.f. 08.08.2018 as a rotational director in place of Shri Sujit Gulati, IAS. Shri Sujit Gulati, IAS has been appointed as Managing Director of the Company w.e.f. 13.07.2018 (afternoon) vice Shri A M Tiwari, IAS (Managing Director of the Company till 13.07.2018). Shri Arvind Agarwal shall be liable to retire by rotation at the ensuing Annual General Meeting, has offered himself for re-appointment.

The brief resume of Directors with regard to appointment/ re-appointment at 56th Annual General Meeting is annexed to the Notice convening the 56th Annual General Meeting, which forms the integral part of this Annual Report.

Code of Conduct :

The Company has laid down a Code of Conduct for all its Board Members and Senior Management Personnel to avoid any conflict of interest. The confirmation of adherence to the Code of Conduct for the Financial Year 2017-18 in the form of declaration is received from all the Directors and Members in the Senior Management of the Company, to whom such code is applicable.

The Board of Directors have noted the adherence to the code of conduct. The Code of Conduct of the Company is available on the Company's web-site viz. http://www.gsfclimited.com/statu_comp.asp?mnuid=12.

Availability of Information to the Board of Directors :

The Board of Directors of the Company is apprised of all the relevant and significant information and developments pertaining to the Company's business and this facilitates them to take timely corporate decisions. The comprehensive management reporting systems are in place which encompass preparation and reporting of operating results by divisions, other business developments etc. Their reviews are being carried out by senior management and the Board at its Meeting/s.

The Board of Directors have complete access to all the information that is within the Company. At the meetings of the Board, the senior executives and if required, even functional Managers, who can provide insight into the agenda items, are being invited.

All the mandatory information that is required to be placed before the Board of Directors and as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are being placed before the Board of Directors should the occasion arise.

Apart from the matters that require mandatory Board approval, following matters are also put up for information to the Board, as and when the occasions arise:

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the company and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other committees of the board.
5. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices which are materially important.
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

A Certificate of Compliance with all the applicable laws to the Company is being placed before the Board at its every meeting.

MANAGERIAL REMUNERATION

Remuneration to the Non-executive Directors:

Directors (except Managing Director - Executive Director) are paid sitting fees for attending Board/ Committee Meetings and no commission/ share of profit is paid to them. The details of sitting fees paid to them for attending Board/ Committee Meetings during the year are as follows:

(Amount in Rupees)

Name	Sitting Fees
Dr. J. N. Singh, IAS	50,000/-*
Shri D.C. Anjaria	1,10,000/-
Prof. Vasant P. Gandhi	1,50,000/-
Shri Ajay N. Shah	20,000/-
Shri Vijai Kapoor	80,000/-
Smt. Geeta Goradia	60,000/-
Shri Sujit Gulati, IAS	80,000/-*
Shri Anil Mukim, IAS	50,000/-*

(*) Deposited in the Govt. Treasury.

The Company pays sitting fee @ Rs.10,000/- per meeting to the Directors. No sitting fee however is being paid to Managing Director.

Remuneration to the Executive Director:
(Managing Director)

The Managing Director of the Company is appointed from amongst the Director nominated by the Government of Gujarat, who is a Senior Officer of Indian Administrative Service (IAS Cadre). He is being paid the remuneration applicable to his scale in the Government and in line with the terms & conditions prescribed by the Govt. of Gujarat. The remuneration to the Whole Time Director and other Non-Executive Directors of the Company, if any, is decided by the Board upon recommendation by the Nomination & Remuneration Committee. The details of the remuneration paid to the Directors during the financial year 2017-18 are as under:

Name of MD	Salary & Perquisites
Shri A. M. Tiwari, IAS Managing Director	Rs. 37.95 Lakhs

The Company currently does not have any Stock Option Plan in place. All the Directors have been reimbursed expenses incurred by them in discharge of their duties. The payments made to a Director in his individual capacity or to his relatives, if any, have been disclosed. However, none of these Directors has any material pecuniary relationship or transactions with the Company, its promoters, its Directors, its senior management or its holding Company, its subsidiaries and associates which may affect their independence. The Company has not entered into any materially significant transaction with Promoters, Directors or their relatives or its management or subsidiary that may have potential conflict with the interests of the Company.

COMMITTEES OF THE BOARD:

2 AUDIT COMMITTEE:

The Finance-cum-Audit Committee presently comprises of four Directors and majority of them are Independent and all are Non-Executive Directors. All the members of the Committee have wide knowledge and experience in the field of Corporate Finance and Accounts. The Committee is governed by a charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligation & Disclosure Requirements), Regulations, 2015.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

1. Management discussion and analysis of financial condition and results of operations.
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the Management.
3. Management letters / letters of internal control weaknesses issued by the statutory auditors.
4. Internal audit reports relating to internal control weaknesses.
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

The terms of reference of this Committee include matters specified in the Companies Act, 2013, Rules and Listing regulations and those specified by the Board in writing. Besides having access to all required information within the Company, the Committee may investigate any activity within its terms of reference, seek information from any employee, secure attendance of outsiders with relevant expertise, obtain legal or other professional advice from external sources, whenever required.

The Committee acts as a link amongst the Management, Auditors and the Board of Directors. The Audit Committee shall act in accordance with the terms of reference which shall, inter alia, include:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    a) Matters, required to be included in the Director's Responsibility Statement.
    b) Changes, if any, in accounting policies and practices and reasons for the same.
    c) Major accounting entries involving estimates based on the exercise of judgment by Management.
    d) Significant adjustments made in the financial statements arising out of audit findings.
    e) Compliance with listing and other legal requirements relating to financial statement.
    f) Disclosure of any related party transactions.
    g) Qualifications in the draft audit report.
5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up thereon;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Vigil/Whistle Blower Mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is included in the terms of reference of the Audit Committee.

During the Financial Year 2017-18, five meetings of Finance-cum-Audit Committee were held i.e. on 25-05-2017, 03-08-2017, 08-11-2017, 03-02-2018 and 26-03-2018. The Composition of the Audit Committee and the attendance details are as under:

Sr. No.	Name of the Member	Category	No. of meetings held during the tenure of Directors	No. of meetings attended
1	Shri D.C. Anjaria (Chairman of the Committee)	IndependentNon-Executive	5	3
2	Prof. Vasant P. Gandhi	IndependentNon-Executive	5	5
3	Shri Ajay N. Shah	IndependentNon-Executive	5	1
4	Smt. Geeta Goradia	IndependentNon-Executive	5	4
5	Shri Anil Mukim (Member of the Committee, till 07.03.2018)	Non-IndependentNon-Executive	4	0

The Finance - cum - Audit Committee meetings are usually attended by the Head of Finance Dept. Managing Director is also invited to attend the meetings as a Special Invitee. The Internal Auditors, Statutory Auditors, Cost Auditors and Branch Auditors are invited to attend the meetings as and when required. The Company Secretary acts as Secretary to the Committee.

Shri D. C. Anjaria, Chairman of the Finance-cum-Audit Committee remained present at the last i.e. 55th Annual General Meeting held on 16-09-2017.

3 STAKEHOLDERS RELATIONSHIP COMMITTEE :

Pursuant to provisions of Section 178(5) of the Companies Act, 2013 and Listing Regulations, Stakeholders Relationship Committee of the Board comprises of Prof. Vasant Gandhi, Chairman of the Committee, Shri Sujit Gulati and Shri A. M. Tiwari on 31.03.2018. Shri V V Vachhrajani, Company Secretary & Vice President (Legal & GST) is the Compliance Officer for complying with requirements of Securities Laws and Listing Regulations with Stock Exchanges.

During the FY 2017-18, four meetings of the Committee were held i.e. on 29-05-2017, 04-08-2017, 08-11-2017, and 12-02-2018. The details of Committee members and their attendance at the Committee meetings during the Financial Year 2017-18 are furnished below:

Sr. No	Name of the Members	No. of meetings held during the tenure of Directors	No. of Meetings Attended
1	Prof. Vasant P. Gandhi	4	3
2	Shri Sujit Gulati, IAS	4	3
3	Shri A. M. Tiwari, IAS	4	4

As a measure of good Corporate Governance and accepting the shareholders as its esteemed customers, the Company has well designed Investors' Grievance Redressal System. The average time taken for the grievance redressal is very less and the Committee monitors the investors' grievance redressal periodically. On the date of this report there are no complaints pending, which need redressal from Company's side. Also there are no cases of share transfers pending except those which are under sellers' notice/court cases under injunction order etc.

With a view to facilitating and ensuring timely transfer, transmission, transposition etc., the Board of Directors has delegated the authority in favor of the Company Secretary/ Dy. Company Secretary upto **5000 shares of Rs. 2/- each** per transfer request and the authority for approval of more than **5000 shares of Rs. 2/- each** per transfer request has been delegated to the Managing Director.

The report on various issues concerning the shareholders such as issue of share certificates, redressal of shareholders' complaints etc. is being periodically placed before the Committee.

The jurisdiction/terms of reference of the Committee encompass the following areas:

- Timely transfer of Shares and Debentures.
- Dematerialization and/or Rematerialization of shares.
- Transmission of Shares/ Deletion of Name in case of death of the shareholder/s.
- Issue of duplicate shares/debentures Certificates in case of lost / misplaced/ torn/ mutilated ones.
- Timely redressal of complaints pertaining to non-receipt of dividends, interests on debentures, redemption amount of Non Convertible Debentures / Partly Convertible Debentures redeemed etc.
- Any other related issue/s.

All the shares received for Transfer/ Transmission/ Transposition/ Split/ Consolidation etc. are processed and dispatched within the period not exceeding fifteen days and a half-yearly Certificate from a Practicing Company Secretary to that effect is being obtained pursuant to Listing Regulations.

The following table highlights the details of the complaints received during the F.Y. 2017-18 and their status as on date. It is further reported that as on 31-03-2018, there are no outstanding complaints pertaining to and received during the F.Y. 2017-18:

(a)	No. of complaints received from Shareholders/ Investors during the financial year 2017-18.	50
(b)	No. of complaints not redressed to the satisfaction of shareholders / investors.	Nil
(c)	No. of applications received for transfers/ transmissions /transposition of shares during the financial year 2017-18. (IEPF 10153 TM cases)	10836
(d)	No. of pending requests for share transfers, transmissions and transposition of shares as on 31-03-2018.	Nil

As mandated by SEBI, the Quarterly Reconciliation of share capital Audit, highlighting the reconciliation of total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) vis-a-vis the total issued and listed capital is being carried out by the Practicing Company Secretary. This Audit confirms that the total issued and paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with the two depositories viz. the NSDL and CDSL.

As on 31st March, 2018 total 38, 81, 78,708 Equity Shares of Rs. 2/- each representing 97.42% of the total no. of Shares were dematerialized.

4 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Pursuant to provisions of Section 135 of the Companies Act, 2013, Corporate Social Responsibility Committee of the Board consists of following members as on 31.03.2018:

1. Shri Anil Mukim – (till 07-03-2018) Chairman of the Committee, Non-Independent, Non-Executive Director
2. Shri D C Anjaria - Member- Independent & Non-executive Director
3. Smt. Geeta Goradia – Member - Independent & Non-executive Director
4. Shri Sujit Gulati – Member – Non- Independent & Non-executive Director
5. Shri A. M. Tiwari – Member - Non-Independent & Executive Director

During the year 2017-18, one meeting was held on 27.03.2018.

The details of Committee members and their attendance at the Committee meetings during the Financial Year 2017-18 are furnished below:

Sr. No.	Name of the Members	No. of meetings held during the tenure of Directors	No. of Meetings Attended
1	Shri Anil Mukim, IAS (till 07-03-2018)	0	0
2	Smt. Geeta Goradia	1	0
3	Shri D C Anjaria	1	1
4	Shri Sujit Gulati, IAS	1	1
5	Shri A. M. Tiwari, IAS	1	1

The details of CSR Activities in the prescribed format forms the part of Directors' Report to shareholders.

5 NOMINATION AND REMUNERATION COMMITTEE:

Pursuant to provisions of Section 178 of the Companies Act, 2013 read with Listing Regulation, 'Nomination and Remuneration Committee' of the Board consists of following members as on 31.03.2018:

(1) Shri D. C. Anjaria, Chairman – Independent & Non-executive Director,

(2) Prof. Vasant Gandhi, Member – Independent & Non-executive Director,

(3) Smt. Geeta Goradia, Member – Independent & Non-executive Director,

(4) Shri Anil Mukim, Member – Non-Independent & Non-executive Director, (till 07-03-2018)

(5) Shri Sujit Gulati – Non-Independent & Non-executive Director,

(6) Shri A. M. Tiwari, Special Invitee - Non-Independent & Executive Director.

During the year 2017-18, one meeting was held on 25.05.2017.

The details of Committee members and their attendance at the Committee meetings during the Financial Year 2017-18 are furnished below:

Sr. No.	Name of the Members	No. of meetings held during the tenure of Directors	No. of Meetings Attended
1	Shri D C Anjaria(Chairman of the Committee)	1	1
2	Prof. Vasant Gandhi	1	1
3	Smt. Geeta Goradia	1	0
4	Shri Anil Mukim, IAS(till 07-03-2018)	1	0
5	Shri Sujit Gulati, IAS	1	0

Besides having access to all required information within the Company, the Committee may investigate any activity within its terms of reference, seek information from any employee, secure attendance of outsiders with relevant expertise, or obtain legal or other professional advice from external sources, whenever required. The Committee acts as a link amongst the Management and the Board of Directors. The Committee shall act in accordance with the terms of reference which shall, inter alia, include:

i. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees;

ii. Formulation of criteria for evaluation of Independent Directors and the Board;

iii. Devising a policy on Board diversity;

iv. Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;

v. Evaluation of every Director's performance.

The Policy on Nomination & Remuneration cum Board Diversity as approved is available at the website of the Company at http://www.gsfclimited.com/statu_comp.asp?mnuid=12..

➢ **Criteria for Nomination as per Nomination and Remuneration Policy:**

The Committee shall follow the procedure mentioned below for appointment of Director, Independent Director, KMP and Senior Management Personnel and recommend their appointments to the Board.

- The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Act, rules made there under, Listing Agreement or any other enactment for the time being in force.
- In case of the appointment of Independent Director, Independent Director should comply with the additional criteria of his / her independence as prescribed under the Act, rules framed there under and the Listing Agreement. For selection of Independent Director, the Company may use the data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors, maintained by anybody, institute or association, as may be notified by the Central Government, having expertise in creation and maintenance of such data bank.
- The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, Listing Agreement or any other enactment for the time being in force.

I. REMUNERATION:

The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel to the Board for their approval. The Committee shall ensure that:

- The level and composition of remuneration so determined shall be reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel and Senior Management of the quality required to run the company successfully;
- The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to Directors, KMP and Senior Management Personnel involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

A. Managing Director/ Whole-time Director(s):

Besides the above criteria, the Remuneration/ compensation/ commission etc to be paid to Managing Director, Whole-time Director(s) etc shall be governed as per provisions of the Act read with Schedule V and rules made there under or any other enactment for the time being in force.

B. Non-Executive Independent Directors:

The Non-Executive Independent Directors may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof, reimbursement of expenses for participation in the Board and other meetings and profit related commission if so decided and approved by the Board/ Shareholders as per the provisions of the Act.

Provided that the amount of such fees shall not exceed the amount as prescribed under the Act read with the rules made there under or any other enactment for the time being in force. Further, independent director shall not be entitled to any stock option.

The Non-Executive Independent Directors may be paid remuneration for services rendered in any other capacity, like to serve as a member of Selection Committee for recruitment of Senior Management Personnel and/or any other specific assignment given by the Company from time to time. The remuneration paid for such services shall be subject to provisions of the Act and approval of the Nomination-cum-Remuneration Committee.

Provided that the payment of remuneration for services rendered by any such Director in other capacity shall not be included in the overall ceiling prescribed under the Act read with Schedule V and rules made there under, if –

(a) The services rendered are of a professional nature; and

(b) In the opinion of the Committee, the director possesses the requisite qualification for the practice of the profession.

C. KMPs/ Senior Management Personnel etc.:

The Remuneration to be paid to KMPs/ Senior Management Personnel shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any, prescribed under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

The requisite information as required in terms of provisions of Section 197 of the Companies Act, 2013 read with Rule 5 of Companies Rules, 2014 are mentioned below:

The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year-

Submission: Not Applicable, as the Directors are not paid any salary.

The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company secretary or Manager, if any, in the financial year-

Submission: 5% for Grade II, 6% for Grade IC & ID and 7% for Grade IB and above Rise in Basic Pay of all Officers in the Company in the financial year.

The percentage increase in the median remuneration of employees in the financial year-

Submission: 5% for Grade II, 6% for Grade IC & ID and 7% for Grade IB and above Rise in Basic Pay of the median remuneration of employees in the financial year.

The number of permanent employees on the rolls of the Company-

Submission: 3116 permanent employees are on the rolls of the company. (i.e. Vadodara Unit as on 31/03/2017)

The explanation on the relationship between average increase in remuneration and company performance-

Submission: Not applicable

Comparison of the remuneration of the Key Managerial Personnel against the performance of the company-

Submission: Not applicable

Note: Salary of Chief Financial Officer Rs 43.42/- Lakhs

Salary of Company Secretary Rs 38.71/- Lakhs

Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration-

Submission: 5% for Grade II, 6% for Grade IC & ID and 7% for Grade IB and above Rise in Basic pay of Key Managerial Personnel. No Exceptional Circumstances for increase in the managerial remuneration.

Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company-

Submission: Not applicable

Note: Salary of Chief Financial Officer Rs 43.42/- Lakhs

Salary of Company Secretary Rs 38.71/- Lakhs

The key parameters for any variable component of remuneration availed by the directors-

Submission: Not Applicable, as the Directors are not paid any salary

The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year-

Submission: Not Applicable, as the Directors are not paid any salary

In addition the information required to disclose the board's report, a statement showing the name of every employee of the company are mentioned below:

The names of the top ten employees in terms of remuneration drawn are as below:

Sr. No.	Name of Employee or Applicant	Sum of Amount (Lakhs)	Status as on 24.04.2018
1	VASAVADA PRANAY RAJNIKANT	38.87	Retirement
2	SHAH DARSHAK DHIRAJLAL	38.33	
3	KHAMBHALIA RAMJIBHAI POPATBHAI	36.23	Retirement
4	DALASANIA HIMMATLAL DEVSHIBHAI	35.72	
5	NANAVATY VISHVESH DINESHCHANDR	34.82	
6	SINGH YASHPAL	34.40	
7	BHATT SHARAD CHANDRAKANT	34.27	
8	SHAH DILIPKUMAR BHIKHABHAI	33.70	
9	JAUHARI ASHOK KUMAR	33.42	
10	YADAV SURENDRA PRASAD	32.87	

The details as required under Section 197 read with Rule 5(3) of Companies (Payment and Remuneration of Managerial Personnel) Rules, 2014 is available for inspection / copy at the Registered Office of the Company on any working day during business hours.

If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than One crore and two Lakh rupees.

Submission: Nil

If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight Lakh fifty thousand rupees per month.

Submission: Nil

If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

Submission: Number of employees received remuneration in excess of that drawn by the managing director, in the aggregate -Nil

- **Performance evaluation:**

  Pursuant to the provisions of the Companies Act, 2013 and the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the directors individually as well as the evaluation of its committees. The performance evaluation of the Independent directors was carried out by the entire board. The performance evaluation of the chairman and the non independent directors was carried out by the independent directors.

6 RISK MANAGEMENT COMMITTEE:

Business Risk and Management is an ongoing process within the organization. The Company has a risk management framework to identify, monitor and minimize risks as also identify business opportunities.

Within its overall scope as aforesaid, the Committee shall review risks trends, exposure, potential impact analysis and mitigation plan. The Board has voluntarily constituted the Risk Management Committee which have delegated the monitoring and reviewing of the risk management plan to the Committee and such other functions as it may deem fit.

The Objective and scope of the Risk Management Committee broadly comprises:

- Oversight of risk management performed by the executive management;
- Reviewing the BRM policy and framework in line with local legal requirements and SEBI guidelines;
- Reviewing risks and evaluate treatment including initiating mitigation and reporting of risks.

7 GENERAL BODY MEETINGS

- Date & Venue of the last three Annual General Meetings :

Particular / Meetings	55th AGM	54th AGM	53rd AGM
Date	September 16, 2017	September 17, 2016	September 16, 2015
Start Timing	03.30 PM	03.00 PM	03.00 PM
Venue	Cultural Center Auditorium situated atP. O. Fertilizernagar – 391750, Dist. Vadodara (Registered Office of the Company)		

- No 'Extraordinary General Meeting' was held during the last three years.
- No postal ballot was conducted in aforesaid meetings.
- Four Special Resolutions pertaining to appointment of Shri D C Anjaria, Prof. Vasant Gandhi, Shri Ajay Shah and Shri Vijai Kapoor, Independent Directors of the Company, for second term of five consecutive years were passed at 53rd Annual General Meeting with requite majority.
- At the forthcoming 'Annual General Meeting' there is no item on the agenda requiring postal ballot.

8 DISCLOSURES :

There are no materially significant related party transactions made by the Company with its Promoters, Directors, or Management, their subsidiaries or relatives etc. which may have potential conflict with the interest of the Company at large. An adequate disclosure regarding related party transactions is contained in the Annual Accounts of the Company in Note No. 33 which forms a part of this Annual Report.

There are no non compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

The Company complies with all the mandatory requirements of the Regulation 17 to 27 & Clause (b) to (i) of Sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on Code of Corporate Governance. The Board of Directors has approved the Code of Conduct and Ethics for the Directors and the Senior Management of the Company.

- **CEO CERTIFICATION:**

  The Managing Director (CEO) of the Company has certified the compliance of Code of Conduct in respect of the Financial Year 2017-18 by the Board Members & Senior Management and the said certificate forms part of this report.

  Statutory Compliance of all applicable Laws is being made by the Company and is reported to the Board in its every meeting. Further in preparation of the financial statements, all those Accounting Standards that are applicable have been complied with by the Company.

- **Vigil mechanism:**

  The Company has a vigil mechanism policy to deal with instances of fraud and mismanagement, if any. The said policy is placed on the website of the company at web link: http://www.gsfclimited.com/statu_comp.asp?mnuid=12.

  The Company has been employing 187 no of women employees in various cadres. The Company has in place an anti harassment policy in line with the requirements of the Act. Internal Complaint Committee is set up to redress complaints received regularly and are monitored by women supervisors who directly reports to the Managing Director. All employees (permanent, contractual, temporary, trainees) are covered under the policy. There were no complaints received from any employee during the financial year 2017-18 and hence no complaints is outstanding as on 31.03.2018 for redressal. No personnel were denied access to the Audit Committee of the Company.

- **Board Training and induction:**

  At the time of appointing an independent director, a formal letter of appointment is given to them, which inter alia explains the role, functions, duties and responsibilities expected of him as a director of the company. The Director is also explained in detail the compliances required from him under the Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant regulations and his affirmation taken with respect to the same.

  By way of introduction to the Company, the Director is presented with a book of product profile, its history and growth trajectory over 53 years of its existence, companies Promoted and other relevant information. Further, with a view to familiarize the new director with the Company's operations, the director is also given a CD explaining the organizational set up of the Company, Company's market share and shareholding pattern of the Company, its investments etc.

- **Independent Directors' Meeting**

  During the year under review, the Independent Directors met on 25.05.2017, inter alia, to discuss:

  - Evaluation of the performance of non–independent directors and the Board as a whole;
  - Evaluation of the performance of the Chairman of the Company, taking into account the views of the executive and non-executive directors.
  - Evaluation of quality, content and timeliness of flow of information between the management and the board that is necessary for the Board to effectively and reasonably perform its duties.

  The familiarisation programme in line with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was arranged for the Independent Directors on 25.05.2017 by way of presentation/agenda, where in they were provided with the guidelines of their duties, roles, responsibilities etc.

- **Subsidiary Company (GSFC Agrotech Limited):**

  The Company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding company in the immediately preceding accounting year or has generated 20 % of the consolidated income of the company during the previous financial year. Accordingly, the policy on material subsidiaries has not been formulated.

  The Audited Annual Financial Statements of subsidiary company was tabled at Audit Committee and Board Meetings. The board periodically takes note of the minutes of the meetings of the subsidiary company.

The following are the policies/details that are required to be placed on the Company's website as required under the provisions of the Companies Act, 2013 and Listing Regulations. The following web-link can be clicked/used to access those policies/details; http://www.gsfclimited.com/statu_comp.asp?mnuid=12.

- Vigil Mechanism/Whistle Blower Policy
- Terms of Appointment of Independent Director
- Policy for Evaluation of Board Performance
- Nomination & Remuneration -cum–Board Diversity Policy
- Code of Conduct
- Corporate Social Responsibilities (CSR) Policy
- Policy on materiality of Related Party Transactions and dealing with Related Party Transactions
- Code of conduct – SEBI (PIT) Regulations, 2015
- Familiarization programme of Independent Directors
- 56th AGM e-voting process & Book Closure Notice
- Notice of 56th Annual General Meeting
- Authority to KMP to determine materiality of event
- List of GSFC committees
- Policy on determining materiality of event or information
- Policy on preservation of documents
- Stock Exchange Submission File
- Press Clippings'
- Dividend Distribution Policy

9 MEANS OF COMMUNICATION:

Apart from furnishing the copies of the Unaudited Quarterly & Half Yearly Results and Audited Annual results to all the Stock Exchanges where the shares of the Company are listed, the Company also publishes the results in leading English newspaper and vernacular language newspaper viz. Business Standard all Editions and Vadodara Edition of Sandesh/ Divaya Bhaskar/ Gujarat Samachar.

The Company's financial results are timely sent to the Stock Exchanges so that they are available on their website. The financial results of the Company and other information pertaining to the Company are available on the Company's website *www.gsfclimited.com*. The Company also supplies copies of its financial results to the investors free of cost, if requested for, and simultaneously they are also available on the Company's website. The Management Discussion & Analysis Report shall form as a part of the Directors' Report to shareholders.

The Company has voluntarily adopted the procedure of getting the Compliance of Code on Corporate Governance audited on quarterly basis besides annually as required under Listing Regulations and a Certificate to that effect together with the quarterly compliance report has been submitted to Stock Exchange(s) as follows:

Report for the quarter ended	Date of submission to Stock Exchange(s)
30-06-2017	13-07-2017
30-09-2017	13-10-2017
31-12-2017	04-01-2018
31-03-2018	12-04-2018

As required by the Listing Regulations, the Company has designated an email account specifically for investor service and the same is displayed on the website of the Company. Investors may lodge their complaints at: **vishvesh@gsfcltd.com**.

10 GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting

As is indicated in the Notice convening the 56th Annual General Meeting of the Company will be held on 28th day of September, 2018 at 3.30 PM. at the Cultural Center Auditorium situated at Fertilizernagar – 391750, Dist. Vadodara (Registered Office of the Company).

b) Financial Calendar

The Financial Year of the Company is from 1st April to 31st March. The tentative financial calendar is given below:

Unaudited Results for Quarter ending June 30, 2018	Latest by 14th August, 2018
Unaudited Results for Quarter ending September 30, 2018	Latest by 14th November, 2018
Unaudited Results for Quarter ending December 31, 2018	Latest by 14th February, 2019
Audited Results for Quarter/ Year ending March 31, 2019.	Latest by 30th May, 2019

c) Book closure date

The Register of Members of the Company shall remain closed from 13th September, 2018 to 28th September, 2018. (Both days inclusive).

d) Dividend payment date

Dividend shall be paid on or after 4th October, 2018.

e) (i) Listing of Equity Shares

The Equity Shares of the Company are listed on the following stock exchanges:

Sr.No.	Name of the Exchange	Scrip Code
01	BSE Limited 1st Floor, New Trading Ring Rotunda Bldg., P.J.Towers, Dalal Street, Fort, MUMBAI - 400 001	500690
02	National Stock Exchange of India Limited 'Exchange Plaza', C/1, Block G, Bandra-Kurla Complex Bandra (East), MUMBAI - 400 051	GSFC - EQ

An application for delisting of Equity Shares from Calcutta Stock Exchange (CSE) has been made to CSE and their approval is yet not received. The Annual Listing Fees in respect of BSE Limited and National Stock Exchange of India Limited for the F.Y. 2018-19 has been paid by the Company.

(ii) Demat ISIN No. in NSDL & CDSL for Equity shares: INE026A01025.

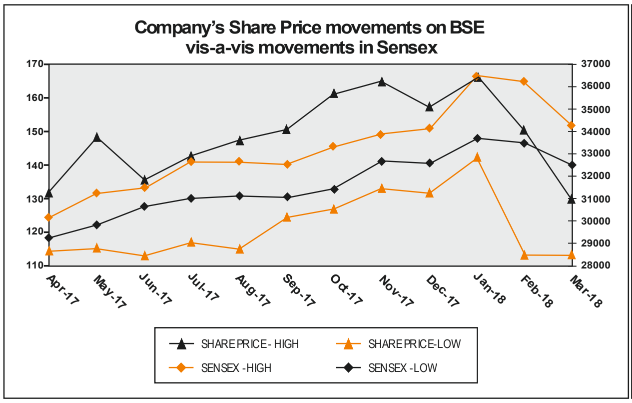
(iii) Corporate Identification Number (CIN): L99999GJ1962PLC001121.

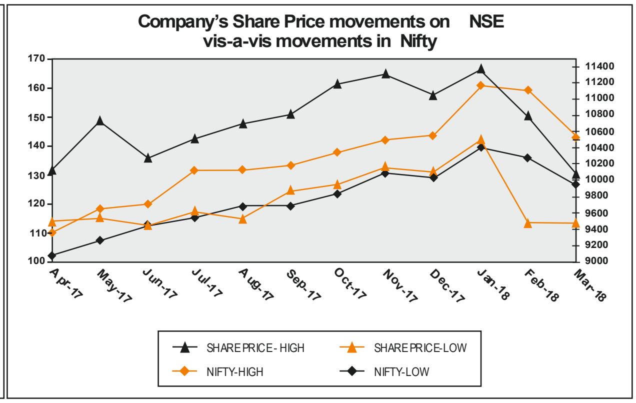
(iv) Stock Market Data:-

High - Low share price performance in comparison to broad-based indices - BSE Sensex and NSE Nifty:

Month & year	BSE				NSE			
	Sensex		GSFC's Share Price (Rs.)		Nifty		GSFC's Share Price (Rs.)	
	High	Low	High	Low	High	Low	High	Low
Apr-17	30184.22	29241.48	131.70	114.40	9367.15	9075.15	131.75	113.90
May-17	31255.28	29804.12	148.40	115.30	9649.60	9269.90	148.50	115.20
Jun-17	31522.87	30680.66	135.50	112.80	9709.30	9448.75	135.65	112.50
Jul-17	32672.66	31017.11	142.55	117.00	10114.85	9543.55	142.55	117.60
Aug-17	32686.48	31128.02	147.50	115.05	10137.85	9685.55	147.45	115.00
Sep-17	32524.11	31081.83	150.75	124.60	10178.95	9687.55	150.90	124.75
Oct-17	33340.17	31440.48	161.25	126.90	10348.50	9831.05	161.35	126.65
Nov-17	33865.95	32683.59	164.90	133.00	10490.45	10094.00	164.85	132.80
Dec-17	34137.97	32565.16	157.40	131.50	10552.40	10033.35	157.40	131.20
Jan-18	36443.98	33703.37	166.30	142.45	11171.55	10404.65	166.40	142.30
Feb-18	36256.83	33482.81	150.25	113.15	11117.35	10276.30	150.20	113.25
Mar-18	34278.63	32483.84	129.90	113.35	10525.50	9951.90	130.05	113.45

The graphical presentations depict the movement of monthly high/ low share prices of the Company's Shares on BSE and NSE vis-à-vis the movements in the Sensex and Nifty during the period from April 2017 to March 2018.





(f) Share Transfer System and Registrars & Share Transfer Agents of the Company:

The entire share transfer process, physical as well as dematerialized, is being handled by the Company's Registrar and Transfer Agents viz. **Link Intime India Pvt. Ltd.,** ***situated at B – 102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara – 390 020***. Share Transfer in physical form can be lodged either with the Registrars & Transfer Agents ***OR*** at the Registered Office of the Company. Share Transfer requests received are attended within a fortnight. All requests for de-materialization / re-materialization of shares are processed and confirmation is sent to the depositories by the Registrars & Share Transfer Agents of the Company generally within 10 days from the date of the receipt thereof.

The Company's representatives regularly visit the office of the Registrar and Share Transfer Agents to monitor, supervise and ensure that there are no unusual delays or lapses in the system.

(g) Distribution of Shareholding as on 31st March, 2018

➢ **Pattern of Shareholding (Category wise)**

Category	No. of Shares	% to Total Capital
Promoter: Gujarat State Investments Limited	15,07,99,905	37.84
Public Financial Institutions, Insurance Companies & Mutual Fund	6,51,36,347	16.35
Companies & Banks	10,08,04,736	25.30
Individuals, Co-operative Societies & Co-operative Banks	8,17,36,542	20.51
Total	**39,84,77,530**	**100.00**

- **Pattern of Shareholding (Shareholding wise)**

Category (No. of Shares) From To	No. of Shareholders	%	No. of Shares	%
Upto 500 Shares	104123	81.39	14402017	3.61
501 – 1000	10786	8.43	8629423	2.17
1001 – 2000	6793	5.31	10045074	2.52
2001 – 3000	2325	1.82	5878664	1.48
3001 – 4000	969	0.76	3455221	0.87
4001 – 5000	865	0.67	4091275	1.03
5001 – 10000	1101	0.86	8112773	2.03
10001 and above	974	0.76	343863083	86.29
Total	**127936**	**100.00**	**398477530**	**100.00**

(h) Unclaimed Shares

SEBI vide Circular No. CIR/CFD/DIL/10/2010 dated December 16, 2010 has amended erstwhile Clause 5A of the Listing Agreement to provide that shares held physically which may have remained unclaimed by shareholders due to insufficient/ incorrect information or for any other reason should be transferred in demat mode to one folio in the name of "Unclaimed Suspense Account" with one of the Depository Participants.

On 12th April, 2012, the Company has transferred 35160 unclaimed shares of Rs. 2/- each (prior to sub-division - 7032 shares of Rs. 10/- each) 487 shareholders in the "GSFC Unclaimed Shares Suspense Account" opened with Stock Holding Corporation of India Limited. Out of which, till 31st March, 2018 - 1650 shares of Rs. 2/- each in respect of 12 shareholders were credited to their demat account and 15015 equity shares transferred to IEPF Authority Account on which dividends have remained unpaid or unclaimed for seven consecutive years of 241 Shareholders and 18,495 equity shares of Rs.2/- each are lying the Suspense Account as on 31st March, 2018.

- No pledge has been created over the Equity Shares held by the Promoters as on March 31, 2018.
- 97.42% of the Equity Shares have been dematerialized till 31/03/2018. The Company's Equity Shares are to be compulsorily dealt in dematerialized form since 26/06/2000 and the ISIN no. of the Company's Equity Share is INE026A01025.
- The Company has paid the Annual Custody Charges to National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) for the year 2018-19.
- Dividend @ Rs. 2.20/- per share of Rs. 2/- each has been recommended by the Board of Directors on the Equity Shares which shall be paid/ distributed on or after 4th October, 2018 upon its approval by the Shareholders in the ensuing 56th Annual General Meeting.
- **Unit-wise Plant locations :**

The Company's Units are located as follows:

Baroda Unit	Fertilizernagar – 391 750, Dist. Vadodara.	Polymers Unit	Nandesari GIDC, Dist. Vadodara.
Fibre Unit	Kuwarda, Dist. Surat.	Sikka Unit	Moti Khawdi, Dist. Jamnagar

(i) Address for Correspondence

The shareholders may send their communications at the registered office of the Company at the following address:

Company Secretary & Sr. Vice President (Legal & GST)
Gujarat State Fertilizers & Chemicals Limited, Fertilizernagar - 391750, Dist. Vadodara
Tel Nos. 0265-2242451/2242651/2242751, Fax Nos.0265-2240966/2240119
Email: vishvesh@gsfcltd.com. Website: www.gsfclimited.com
Or
Registrars & Transfer Agents for Equity Shares of the Company:
R&T Name & Address: **Link Intime India Pvt Limited,** B-102 & 103, Shangrila Complex,
First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara - 390 020.
Tel No: +91 265 2356573/2356794 E-mail id: vadodara@linkintime.co.in
Website: www.linkintime.co.in
The new address of HO is provided as under.
R&T Address: Link Intime India Pvt Limited,
C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083, Tel No : +91 22 49186270

Affirmation of compliance with the Code of Conduct by all Board Members & Senior Management of the Company

Based on the confirmations received from Board Members & Members of Sr. Management of the Company, I hereby certify that all the Board Members & Members of Senior Management of the Company have affirmed their compliance with the Code of Conduct pursuant to Regulation 26(3) of the SEBI (LODR) Regulations, 2015 as approved by the Board of Directors of the Company.

Sd/-

Date : 16/05/2018

Place : Fertilizernagar

Shri A. M. Tiwari, IAS
Managing Director

CERTIFICATE

To the Members of Gujarat State Fertilizers & Chemicals Limited

We have examined the compliance of the conditions of Corporate Governance by Gujarat State Fertilizers & Chemicals Limited for the year ended March 31, 2018 as per the relevant provisions of 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 Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Governance. It is neither an audit nor an expression of an opinion on the financial statement 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.

We state that in respect of investor grievances received during the year ended March 31, 2018, no investor grievance is pending against the Company, as per the records maintained by the Company and presented to the Stakeholders Relationship Committee.

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.

Sd/-
Suresh Kumar Kabra
Partner
Samdani Kabra & Asso.
Company Secretaries
ACS No.: 9711; CP No.: 9927

Vadodara
16th May, 2018

FINANCIAL HIGHLIGHTS OF TEN YEARS

PARTICULARS	2017-18	2016-17	2015-16#	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
OPERATING RESULTS										(₹ in Crores)
GROSS INCOME	**6404**	5477	6326	5563	5671	6486	5464	4856	4132	5952
GROSS PROFIT	**610**	478	694	675	640	900	1276	1259	530	883
DEPRECIATION	**119**	103	97	101	145	132	129	147	141	143
EXCEPTIONAL ITEMS	**0**	-	-	-	-	-	-34	-	-	-
PROFIT/(LOSS) BEFORE TAX	**491**	375	597	574	495	768	1113	1112	389	740
TAX	**15**	-45	188	173	153	250	356	363	135	241
PROFIT/(LOSS) AFTER TAX	**476**	420	409	401	342	518	758	749	254	499
DIVIDEND	**88**	88	88	88	80	80	60	56	36	36
DIVIDEND TAX	**18**	18	18	18	13	13	10	9	6	6
RETAINED EARNINGS	**370**	314	303	295	249	425	688	684	213	457
AMOUNT PER SHARE (RUPEES)*										
SALES	**158**	137	159	134	136	157	665	597	504	738
EARNING	**12**	11	10	10	9	13	95	94	32	63
CASH EARNING	**14**	11	12	13	12	16	117	119	47	69
EQUITY DIVIDEND	**2.2**	2.2	2.2	2.2	2	2	7.5	7	4.5	4.5
BOOK VALUE	**182**	165	122	112	107	99	441	355	269	242
MARKET PRICE:										
HIGH	**166**	132	91	125	63	91	504	413	255	216
LOW	**113**	64	57	53	44	55	322	215	87	61

* Per share figures for F.Y. 2012-13 to 2017-18 are based on face value of Rs. 2/- for remaining years figures are based on face value of Rs. 10/-

\# Figure from 2015-16 to 2017-18 are as per IND AS.

Independent Auditors' Report

TO THE MEMBERS OF GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 (herein after referred to as "Standalone Ind AS Financial Statements").

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) specified under section 133 of the Act read with relevant rules issued there under.

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 Board of 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, of the state of affairs (financial position) of the Company as at March 31, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to the following matter in the notes to the standalone Ind AS financial statements:

Note 12 which describes the company's past subsidy claims matter and the eligibility of claims for the period from March 18, 2013 to March 5, 2017 amounting to ₹ 662.95 Crores pending examination by Fertilizer Industry Coordination Committee. The company is reasonably certain that its subsidy claims for the aforesaid period, which are in line with the claims recently agreed for period from April 01, 2010 to March 17, 2013, will be agreed by the Department of Fertilizers.

Our opinion is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. 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 (including other comprehensive income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant 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 read with relevant rules issued thereunder.

   (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors 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 A".**

   (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, as amended, 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 no 39 to the standalone Ind AS financial statement.

      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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

2. 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 B**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For T R Chadha & Co LLP
Firm's Reg. No-: 006711N/N500028
Chartered Accountants

Brijesh Thakkar
Partner
Membership No 135556

Place: Gandhinagar
Date: 16/05/2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph 1(f) under "Report on Other Legal and Regulatory Requirements" section of our Report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 **Gujarat State Fertilizers & Chemicals Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone 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. 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 Companies Act, 2013.

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 prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 standalone Ind AS 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 audit opinion on the company's internal financial control 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.

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, to the best of our information and according to the explanations give to us, 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.

For T R Chadha & Co LLP
Firm's Reg. No-: 006711N/N500028
Chartered Accountants

Brijesh Thakkar
Partner
Membership No 135556

Place: Gandhinagar
Date: 16/05/2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph 2 under "Report on Other Legal and Regulatory Requirements" section of our Report of even date)

(i) In respect of its Fixed Assets

a) The Company has maintained proper records showing full particulars including quantitative details and situtation of fixed assets.

b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.

c) According to the information and explanations given to us and the records examined by us and based on the examination of registed sales deed / trasnfer deed / letter of award provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date

In respect of immovable properties of land and buildings that have been taken on lease and disclosed as Property, Plant and Equipment (fixed asset) in the financial statements, the lease agreements are in the name of the company, where the company is the lessee in the agreement, except as stated in table below.

Particulars of the land	Amount ₹ lacs *(Carrying amount as at the balance sheet date)*	Remarks
Leasehold land at Nandesari admeasuring to 82,383 square meters	29.39	The title deeds are in the name of Polymer Corporation of Gujarat Limited, erstwhile company that was merged with the Company under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Court(s) of judicature.

(ii) Inventories

As explained to us, the inventories, except goods-in-transit, were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) Loans given

According to the information & explanations given to us, the Company has not granted any loans, Secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 and hence reporting under clause (iii) (a), (b) and (c) of Paragraph 3 of the order is not applicable.

(iv) Compliance of Sec. 185 & 186

In our openion and according to the information and explanations given to us, the compnay has complied with the provisions of sections 185 & 186 of the companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities.

(v) Public Deposit

According to the information and explanations given to us, the company has not accepted any deposits during the year. In respect of unclaimed deposits, the company has complied with the proviosn of section 73 to 76 or any other relevent provisons of the Companies Act, 2013.

(vi) Cost Records

We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, prescribed by the Central Government under section 148(1)(d) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed accounts and cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) Statutory Dues

According to the information and explanations given to us, in respect of statutory dues:

a) The Company has generally been regular in depositing its undisputed statutory dues including Provident Fund, Income-tax, Sales Tax, Service tax, Customs duty, Excise duty, Value Added Tax, GST, cess and other material statutory dues applicable to it to the appropriate authorities.

b) No undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2018 for a period of more than six months from the date they became payable.

c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period/between various periods to which the amount relates	Amount involved excluding interest and penalty (₹ in Lakhs)	Amount unpaid excluding interest and penalty (₹ in Lakhs)
Income Tax Act, 1961	Income Tax	Assessing Officer	FY 2016-17	1.68	1.68
		Commissioner (Appeals)	FY 2012-13	1,133.90	904.90
Central Excise Act, 1994	Excise Duty	High Court- Ahmedabad	FY 1986 to 1989 FY 1997-2001	3,486.77	1,768.47
		CESTAT	FY 2007 to 2009 FY 2011 to 2015	7,259.96	7,243.96
		Superintendent / Assistance / Deputy / Joint commissioner of Central Excise	FY1991-1992 FY 1991-1993 FY 1993-1995 FY 2000-2001 FY 2010-2014	146.98	146.98
Finance Act, 1994	Service Tax	Supreme court	Jul-2010 to Mar- 2013	11.51	10.36
		CESTAT	FY 2012-2014	159.75	147.5
		CESTAT	Sept-2005 to Jun- 2012	134.95	67.95
		Commissioner (Appeals)	FY 2015-2017	2.50	2.50
		Commissioner (Appeals)	Apr 2013 to Sept 2016	47.01	43.81
		Asst. / Deputy / Joint Commissioner	FY 2012-2013	2.11	2.11
		Asst. / Deputy / Joint Commissioner	Apr-1998 to Aug-1999 Apr-2005 to Sept-2016	14.67	14.67
Gujarat Value added tax Act, 2003	Gujarat Value Added Tax	Joint / Dy. Commissioner of Commercial Tax	FY 2006-07 to 2012-13	2,886.83	2,586.83
Central Sales Tax Act, 1956	Central Sales Tax	Additional Commissioner of Sales Tax, Delhi	FY 1998-99	0.14	0.14
	Central Sales Tax	Assistance Commissioner of Sales Tax, West Bengal	FY 1995-96	2.21	2.21
	Central Sales Tax	Joint / Dy. Commissioner of Commercial Tax	FY 2006-07 to 2010-11	2,754.92	2,579.92

(viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of loans or borrowings to the financial institutions & banks. The Company has not taken any loans or borrowings from Government and has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, the money raised by way of debt instruments & term loans during the year have been applied by the Company for the purpose for which they were raised. During the year, the Company has not raised moneys by way of public offer

(x) In our opinion and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information & explanations given to us, the company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.

(xii) The company is not a Nidhi Company and hence reporting under clause (xii) of the paragraph 3 of the order is not applicable.

(xiii) In our oppinion and according to the information and explanations given to us, all the transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable, and the details of related party transactions have been disclosed in the standalone Ind AS financial statements etc., as required by the applicable accounting standards.

(xiv) During the year company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of paragraph 3 of the order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year, the company has not entered into any non-cash transaction with its directors or persons connected with him and hence reporting under clause (xv) of paragraph 3 of the order is not applicable.

(xvi) In our opinion and according to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For T R Chadha & Co LLP
Firm's Reg. No-: 006711N/N500028
Chartered Accountants

Brijesh Thakkar
Partner
Membership No 135556

Place: Gandhinagar
Date: 16/05/2018

BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in lakhs)

Particulars	Note	As at 31st March 2018	As at 31st March 2017
A. ASSETS			
1. Non-current assets			
(a) Property, Plant and Equipments	5	2,10,106.85	2,01,236.28
(b) Capital work-in-progress	5	76,132.93	27,167.68
(c) Other Intangible assets	6	376.97	660.24
(d) Financial Assets			
(i) Investments	7	2,74,046.09	2,47,868.29
(ii) Others financial assets	8	4,369.25	4,230.73
(e) Income tax assets (Net)	23	13,634.97	8,618.39
(f) Other non current assets	9	32,563.27	38,452.27
		6,11,230.33	**5,28,233.88**
2. Current assets			
(a) Inventories	10	80,639.82	70,321.12
(b) Financial Assets			
(i) Trade receivable	11	96,707.83	79,987.75
(ii) Government subsidies receivable	12	1,74,189.00	1,92,593.00
(iii) Cash and cash equivalents	13	5,033.05	4,357.87
(iv) Bank balances other than (iii) above	14	1,181.85	1,009.01
(v) Loans	15	16,010.10	14,904.84
(vi) Others financial assets	16	1,821.24	2,411.69
(c) Other current assets	17	36,483.31	8,722.93
		4,12,066.20	**3,74,308.21**
3. Assets held for sale	**18**	**703.98**	**308.45**
TOTAL ASSETS		**10,24,000.51**	**9,02,850.54**

BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in lakhs)

Particulars	Note	As at 31st March 2018	As at 31st March 2017
B. EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	19	7,969.55	7,969.55
(b) Other Equity	20	7,18,225.22	6,49,546.28
		7,26,194.77	**6,57,515.83**
LIABILITIES			
1. Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	21	20,000.00	5,187.09
(b) Provisions	22	46,854.69	49,437.62
(c) Deferred tax liabilities (Net)	23	5,045.68	7,650.89
		71,900.37	**62,275.60**
2. Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	24	84,090.00	70,149.76
(ii) Trade payables	25	82,379.39	59,992.55
(iii) Other financial Liabilities	26	44,041.28	29,818.64
(b) Other current liabilities	27	3,028.63	5,269.45
(c) Provisions	28	9,892.44	9,248.45
(d) Current tax liabilities (Net)	23	2,473.63	8,580.26
		2,25,905.37	1,83,059.11
TOTAL EQUITY & LIABILITIES		**10,24,000.51**	**9,02,850.54**
See accompanying notes forming part of the financial statements	1 to 48		

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
16th May, 2018

D. C. Anjaria
Director

Geeta Goradia
Director

Gandhinagar
16th May, 2018

A M Tiwari
Managing Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31ST MARCH, 2018

(₹ in lakhs)

Particulars	Note	Year Ended 31st March	
		2018	2017
I Income			
Revenue from operations	29	6,30,926.86	5,47,688.30
Other income	30	9,466.71	5,664.34
Total income		**6,40,393.57**	**5,53,352.64**
II Expenses			
Cost of materials consumed	31	3,23,115.17	2,72,483.49
Purchase of stock in trade	32	79,550.91	48,003.74
Changes in inventories of finished goods, work in process and stock in trade	33	(4,264.37)	(5,942.98)
Power and Fuel		52,213.14	44,288.81
Excise duty		3,870.46	21,234.86
Employee benefits expense	34	50,926.24	51,021.62
Finance costs	35	5,135.23	6,492.56
Depreciation and amortization expense		11,912.09	10,343.12
Other expenses	36	68,855.67	67,939.33
Total Expenses		**5,91,314.54**	**5,15,864.55**
III Profit before tax (I-II)		**49,079.03**	**37,488.09**
IV Tax expense			
Current tax		8,207.73	5,734.98
Deferred tax	23	4,973.58	1,384.19
MAT credit recognised		(1,544.53)	(2,429.95)
Earlier Year Tax		(10,131.10)	(9,151.37)
V Profit for the year (III-IV)		**47,573.35**	**41,950.24**
VI Other Comprehensive Income			
(A) Items that will be reclassified to profit or loss		-	-
(B) Items that will not be reclassified to profit or loss			
Re-measurement gains/ (losses) on defined benefit plans		(325.06)	(8,459.74)
Income tax effect on above		113.58	2,927.74
Net fair value (loss) / gain on investments in equity instruments at FVTOCI		24,269.60	77,554.68
Income tax effect on above		7,598.63	3,501.67
Net other comprehensive income that will not be reclassified to profit or loss		31,656.75	75,524.35
VII Total Comprehensive Income for the year (V+VI)		**79,230.10**	**1,17,474.59**
Earnings per equity share (face value of ₹ 2/- each)			
Basic and Diluted Earnings per equity share:	37	**11.94**	**10.53**
See accompanying notes forming part of the financial statements	1 to 48		

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
16th May, 2018

D. C. Anjaria
Director

Geeta Goradia
Director

Gandhinagar
16th May, 2018

A M Tiwari
Managing Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in lakhs)

Particulars	As at 31st March 2018	2017
A Cash Flow From Operating Activities :		
Profit Before Tax	49,079.03	37,488.09
Adjustments for :		
Depreciation and amortisation expense	11,912.09	10,343.12
Amortisation of lease hold land	355.98	367.39
Finance cost	5,135.23	6,492.56
Interest income	(69.28)	(165.33)
Guarantee Comission Income	(63.88)	-
Loss on fixed assets sold/written off	39.39	3.51
Profit on sale of fixed assets	(0.08)	(0.09)
Dividend income	(2,791.83)	(1,738.59)
Provision for doubtful debts/advances	432.86	3,640.66
Operating Profit before Working Capital Changes	64,029.51	56,431.32
Movements in working capital:		
Inventories	(10,318.70)	(11,827.08)
Trade receivables, loans and advances and other assets	(27,934.54)	48,765.93
Trade payables, other current liabilities and provision	18,026.88	3,907.39
Cash Generated from Operations	43,803.15	97,277.56
Direct taxes paid (net of refunds)	(7,655.31)	(6,596.35)
Net Cash Flow from Operating Activities	36,147.84	90,681.21
B Cash Flow From Investing Activities :		
Purchase of property, plant & equipments (including CWIP & capital advances)	(49,793.65)	(24,880.18)
Proceeds from sale of property, plant & equipments	11.77	0.32
Purchase of non current investments	(1,844.32)	(816.00)
Addition to Asset Held for Sale (Net)	(18.23)	-
Interest received	68.10	166.89
Dividend received	2,791.83	1,738.59
Net Cash Flow used in Investing Activities	(48,784.50)	(23,790.38)
C Cash Flow From Financing Activities		
Repayment of long term borrowings	(5,170.64)	(9,967.92)
Proceeds from long term borrowings	20,000.00	-
Net increase/(decrease) in short term borrowings	13,940.24	(38,272.43)
Interest paid	(4,957.65)	(6,875.58)
Dividend paid (including tax thereon)	(10,500.11)	(10,503.44)
Net Cash Flow from/ (used in) Financing Activities	13,311.84	(65,619.37)
Net Increase/ (Decrease) in Cash & Cash Equivalents	675.18	1,271.46
Cash and Cash Equivalents as at the beginning of the year	4,357.87	3,086.41
Cash and Cash Equivalents as at end of the year (Refer Note-13)	5,033.05	4,357.87
Notes:		
Componants of Cash and cash equivalents		
Cash on hand	11.39	1.52
Balances with banks		
In current accounts	5,021.66	4,356.35
Total Cash and cash equivalents	5,033.05	4,357.87
The Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on Cash Flows Statement.		
See accompanying notes forming part of the financial statements		

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
16th May, 2018

D. C. Anjaria
Director

Geeta Goradia
Director

Gandhinagar
16th May, 2018

A M Tiwari
Managing Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

STATEMENT OF CHANGES IN EQUITY (SOCIE)

(a) Equity share capital **(₹ in lakhs)**

Particulars	As at 31-Mar-18	As at 31-Mar-17
Balance as at April 01, 2016	7,969.55	7,969.55
Changes in equity share capital during the year	-	-
Balance as at March 31, 2017	7,969.55	7,969.55
Balance as at April 01, 2017	7,969.55	7,969.55
Changes in equity share capital during the year	-	-
Balance as at March 31, 2018	7,969.55	7,969.55

(b) Other equity **(₹ in lakhs)**

Particulars	Reserves & Surplus					Items of OCI	
	Capital reserve	Equity security premium	Capital redemption reserve	General reserve	Retained earnings	Equity Instruments through OCI	Total Equity
Balance as at April 01, 2016	**1,256.33**	**30,524.02**	**3,335.00**	**3,98,153.31**	**28,528.68**	**80,825.51**	**5,42,622.85**
Profit for the year	-	-	-	-	41,950.24	-	41,950.24
Other comprehensive income for the year net of income tax	-	-	-	-	-	81,056.35	81,056.35
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax					(5,532.00)	-	(5,532.00)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**36,418.24**	**81,056.35**	**1,17,474.59**
Dividends paid [Note 20]	-	-	-	-	(8,766.51)	-	(8,766.51)
Dividend Distribution Tax (DDT) [Note 20]	-	-	-	-	(1,784.65)	-	(1,784.65)
Transfer to General reserve	-	-	-	30,000.00	(30,000.00)	-	-
Balance as at March 31, 2017	**1,256.33**	**30,524.02**	**3,335.00**	**4,28,153.31**	**24,395.76**	**1,61,881.86**	**6,49,546.28**
Balance as at April 01, 2017	**1,256.33**	**30,524.02**	**3,335.00**	**4,28,153.31**	**24,395.76**	**1,61,881.86**	**6,49,546.28**
Profit for the year	-	-	-	-	47,573.35	-	47,573.35
Other comprehensive income for the year net of income tax	-	-	-	-	-	31,868.23	31,868.23
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	-	-	-	-	(211.48)	-	(211.48)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**47,361.87**	**31,868.23**	**79,230.10**
Dividends paid [Note 20]	-	-	-	-	(8,766.51)	-	(8,766.51)
Dividend Distribution Tax (DDT) [Note 20]	-	-	-	-	(1,784.65)	-	(1,784.65)
Transfer to General reserve	-	-	-	18,000.00	(18,000.00)	-	-
Balance as at March 31, 2018	**1,256.33**	**30,524.02**	**3,335.00**	**4,46,153.31**	**43,206.47**	**1,93,750.09**	**7,18,225.22**

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
16th May, 2018

D. C. Anjaria
Director

Geeta Goradia
Director

A M Tiwari
Managing Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

Gandhinagar
16th May, 2018

1 - Corporate Information

Gujarat State Fertilizers and Chemicals Limited "the Company" is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is principally engaged in production of fertilizers and chemicals. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at Fertilizernagar - 391 750, Dist. Vadodara.

These financial statements were authorised for issuance by the Board of Directors of the Company in their meeting held on May 16, 2018.

2 - Basis of preparation of financial statements

2.1 Basis of preparation and compliance with Ind AS

The standalone financial statements (financial statements) of the Company as at and for the year ended March 31, 2018 has been prepared in accordance with Indian Accounting standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ('Act') and the Companies (Indian Accounting Standards) Rules issued from time to time and other relevant provisions of the Companies Act, 2013 (collectively called as Ind AS).

Effective April 1, 2016 the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 Basis of measurement

The financial statements have been prepared on a going concern basis, using historical cost convention and on an accrual method of accounting, except for the following assets and liabilities which have been measured at fair value, as required by relevant Ind AS.

1. Derivative financial instruments
2. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
3. Defined benefit plans

2.3 Functional and presentation currency

The financial statements are prepared in Indian Rupees, which is the Company's functional and presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest lakhs with two decimals.

2.4 Current and non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification.

An asset is classified as current if it satisfies any of the following criteria:

a) It is expected to be realised or intended to sold or consumed in the Company's normal operating cycle,

b) It is held primarily for the purpose of trading,

c) It is expected to be realised within twelve months after the reporting period, or

d) It is a cash or cash equivalent unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current if it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle,

b) it is held primarily for the purpose of trading,

c) it is due to be settled within twelve months after the reporting period

d) 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. Current liabilities include current portion of non-current financial liabilities.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

3. The Company has applied the following accounting policies to all periods presented in the financial statements.

3.1 - Revenue recognition

Sale of goods

Sale of fertilizer products is recognised net of returns and trade discounts, when the risk and rewards of ownership are transferred to the customers. Sales include amounts recovered towards excise duty and exclude sales tax/value added tax/GST. Revenue is also recognised on sale of goods in case where the delivery is kept pending at the instance of the customer, the risk and rewards are transferred and customer takes title and accepts billing as per usual payment terms.

Sales of industrial products are accounted on the dispatch basis except export sales, which are recognised on the basis of bill of lading. It includes excise duty and subsidy and excludes value added tax/ sales tax/GST. Subsidy and equated freight on fertilizers are accounted on accrual basis.

The amounts receivable from various agencies are accounted for on accrual basis except interest on delayed payments, refunds from customs & excise authorities, insurance claims (other than marine claims), etc. where it is not possible to ascertain the income with reasonable accuracy or in absence of finality of the transaction.

Subsidy income

Subsidy is recognised on the basis of the rates notified from time to time by the Government of India on the quantity of fertilisers sold by the Company for the period for which notification has been issued.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR), which 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 amortised cost of a financial liability. Interest income is included in other income in the statement of profit and loss.

Dividends

Dividend income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

Rental Income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

3.2- Government grants

Government grants in the form of subsidy and equated freight on fertilizers are recognized when there is reasonable assurance that the Company will comply with the conditions relating to them and that the subsidy will be received.

Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss in the period in which they become receivable.

3.3 – Taxes:

Tax expense comprises of current income tax & deferred tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the rates and tax laws enacted or substantively enacted, at the reporting date in India where the entity operates and generates taxable income.

Current tax items are recognised in correlation to the underlying transaction either in OCI 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.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Company recognizes tax credits in the nature of Minimum Alternate Tax (MAT) credit entitlement only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward, sufficient to utilize the MAT credit entitlement. The carrying amount of tax credit is reviewed at each reporting date as stated above.

3.4 Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets are available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset ,
- An active programme to locate a buyer and complete the plan has been initiated ,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

3.5 - Property, plant and equipment and intangible assets

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred

.Assets under erection / installation of the existing projects and on-going projects are shown as "Capital Work in Progress".

Capital advances given for procurement of Property, plant and equipment are treated as other non-current assets.

In the absence of availability of specific original cost in respect of a part of assets capitalised under turn-key contracts, the original value of such asset written / disposed off is estimated on the basis of its current cost adjusted for price and technological factors.

Major cost of civil works required as plant and machinery supports, on the basis of technical estimates, is considered as Plant & Machinery.

Advances paid for the purchase / acquisitions of land in possession of the Company are included in the cost of land.

Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Cost of intangible assets comprises of purchase price and attributable expenditure on making the asset ready for its intended use. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Research and Development

Capital expenditure on Research & Development activities is included in Property, plant and equipment to the extent it has alternative economic use. Revenue expenditure pertaining to research activity is charged under respective account heads in the statement of Profit & Loss.

Depreciation methods, estimated useful lives and residual value

Depreciation on Property, plant and equipment is provided on Straight Line Method as per the useful life prescribed in Schedule II to the Company's Act, 2013. Depreciation on additions to Property, plant and equipment and assets disposed off/discarded is charged on pro-rata basis. Depreciation on commissioning of plants and other assets of new projects is charged for the days they are actually available for use.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and estimated useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Leasehold land, other than that on perpetual lease, is amortized over the life of the lease.

Intangible assets are amortized over their estimated economic lives but not exceeding ten years on a straight-line basis.

The useful lives of the property, plant and equipment are as follows:

Assets	Estimated Useful life
Freehold Land	—
Leasehold Land	20 years
Buildings	30-60 years
Bridge, culverts,bunders,etc.	30 years
Roads	5-10 years
Plant and machinery	15-25 years
Furniture and fittings	10 years
Motor Vehicles	5-10 years
Railway sidings	15 years
Office equipment	5 years
Computers and Data Processing units	3-6 years
Laboratory equipment	10 years
Electrical Installation and Equipment	10 years
Library books	15 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.6 - Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, 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. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. 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.

Recoverable amount is determined:

(i) In case of individual asset, at higher of the fair value less cost to sell and value in use; and

(ii) In case of cash-generating unit (a Company of assets that generates identified, independent cash flows), at the higher of the cash-generating unit's fair value less cost to sell and the value in use.

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. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.7 - Borrowing costs

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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.8 - 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 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.

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.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

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 on a straight-line basis over the term of the relevant lease. 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.

3.9 - Inventories

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, process chemicals, stores and spares, packing materials, trading and other products are determined on weighted average basis.

Net realisable value represents the estimated selling price (including subsidy income, where applicable) of inventories less all estimated costs of completion & costs necessary to make the sale.

3.10 - Employee benefits

(i) Short-term employee benefits

Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

(ii) Post Employment benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company has set up separate recognized Provident Fund trusts for all the units of the Company.

Contributions paid/payable for Provident Fund of eligible employees and National Pension Scheme is recognized in the statement of Profit and Loss each year. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trusts and the interest rate notified by Government.

Liability on account of such shortfall, if any, is provided for based on the actuarial valuation carried out as at the end of the year.

(b) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Post employment defined benefits plans comprise of gratuity, superannuation and Post Retirement Medical Benefit for eligible employees of the Company. Post employment benefits are recognized as an expense in the statement of profit and loss for the year in which the employee has rendered services. The Company also contributes to a government administered Family Pension fund on behalf of its employees. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. Re-measurement in OCI is reflected immediately in retained earnings and is not reclassified to profit & loss.

(iii) Other long term employee benefits

Other long term employee benefits comprise of leave encashment for eligible employees of Company. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

3.11 - Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

(A) Financial Assets

The Company determines the classification of its financial assets at initial recognition. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The financial assets are classified in the following measurement categories:

a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

b) Those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss as incurred.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments.

(i) Amortised Cost

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

a) The asset is held within a business model with the objective of collecting the contractual cash flows, and

b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost include loans receivable, trade and other receivables, and other financial assets that are held with the objective of collecting contractual cash flows. After initial measurement at fair value, the financial assets are measured at amortised cost using the effective interest rate (EIR) method, less impairment.

Amortised 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 amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the Statement of Profit or Loss in other income.

(ii) Fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

(iii) Financial assets at fair value through profit or loss

The Company classifies the following financial assets at fair value through profit or loss:

a) Debt investments that do not qualify for measurement at amortised cost;

b) Debt investments that do not qualify for measurement at fair value through other comprehensive income; and

c) Debt investments that have been designated at fair value through profit or loss.

Financial assets at fair value through profit or loss include financial assets held for trading, debt securities and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the Balance Sheet at fair value with net changes in fair value presented as finance costs in profit or loss if the same is considered as an adjustment to borrowing cost. Interests, dividends and gain/loss on foreign exchange on financial assets at fair value through profit or loss are included separately in other income.

If Company elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in profit or loss as other income when the Company's' right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss shall be recognised in other gain/(losses) in the statement of profit or loss as applicable.

<u>Investments in subsidiaries, joint ventures and associates</u>

Investments in subsidiaries, joint ventures and associates is carried at deemed cost in the separate financial statements.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Impairment of Financial Assets

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance.

b) Trade receivables or any contractual right to receive cash or other financial asset that result from transactions that are within the scope of Ind AS 18.

An expected credit loss is the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the company expects to receive. The expected credit losses consider the amount and timing of payments and hence, a credit loss arises even if the Company expects to receive the payment in full but later than when contractually due. The expected credit loss method requires to assess credit risk, default and timing of collection since initial recognition. This requires recognising allowance for expected credit losses in profit or loss even for receivables that are newly originated or acquired.

Impairment of financial assets is measured as either 12 month expected credit losses or life time expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. 12 month expected credit losses' represent the expected credit losses resulting from default events that are possible within 12 months after the reporting date. 'Lifetime expected credit losses' represent the expected credit losses that result from all possible default events over the expected life of the financial asset.

Trade receivables are of a short duration, normally less than 12 months and hence the loss allowance measured as lifetime expected credit losses does not differ from that measured as 12 month expected credit losses. The Company uses the practical expedient in Ind AS 109 for measuring expected credit losses for trade receivables using a provision matrix based on ageing of receivables.

The Company uses historical loss experience and derived loss rates based on the past twelve months and adjust the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the ageing of the amounts that are past due and are generally higher for those with the higher ageing.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recognised using the effective interest rate (EIR), which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial asset is recognised using the original EIR.

Dividends

Dividends are recognised as revenue when the right to receive payment is established.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(B) Financial Liabilities

The Company determines the classification of its financial liabilities at initial recognition.

Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss. Loans and borrowings, payables are subsequently measured at amortised cost where as derivatives are measured at fair value through profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss include financial liabilities to hedge risks which are not designated as hedges. At initial recognition, the Company measures financial liabilities at its fair value. Financial liabilities at fair value through profit and loss are carried in the Balance Sheet at fair value with changes recognised in the Statement of Profit and Loss.

Financial liabilities measured at amortised cost

Financial liabilities are initially recognised at fair value, net of transaction cost incurred and are subsequently measured at amortised cost, using the EIR method. Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest charge over the relevant effective interest rate period. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

A financial liability is derecognised 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(C)Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counter party.

(D) Derivative financial instruments

The Company's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Company's risk management strategy. Changes in values of all derivatives of a financing nature are included within financing costs if the same is considered as adjustment to borrowing cost in the Statement of Profit and Loss whereas other foreign exchange fluctuation is disclosed under other expenses. The Company does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date.

(E) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, 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 P&L.

3.12 Foreign currencies

(a) Functional and presentation currency

The financial statements are presented in Indian Rupees, which is the Company's functional and presentation currency. Each entity in the Company determines its own functional currency (the currency of the primary economic environment in which the entity operates) and items included in the financial statements of each entity are measured using that functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Profit and Loss within 'Finance costs'. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss within 'Other operating expenses'.

3.13 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

3.14-Segment accounting:

The Chief Operational Decision Maker monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The Operating segments have been identified on the basis of the nature of products/services.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter Segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocated to segments on a reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.

The Company has identified two reportable business segments i.e. Fertilizer products and Industrial products. The Company operates mainly in Indian market and there are no reportable geographical segments.

3.15 - Provisions, Contingent liabilities, Contingent assets and Commitments: General

Provisions are recognised only 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 the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised 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 recognised as a finance cost.

Contingent liability is disclosed in the case of:

A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;

A present obligation arising from the past events, when no reliable estimate is possible;

A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

3.16 - Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company’s earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

3.17 - Cash flow statement

Cash flow are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals of accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and finance activities of the Company are segregated.

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

3.18 Recent Accounting Pronouncements:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material

Ind AS 115 - Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition

Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

4 Critical and significant accounting judgements, estimates and assumptions

4.1 Critical estimates and judgements

The following are the critical judgements, apart from those involving estimations that the management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Useful lives of property, plant and equipment and intangible assets:

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

Allowance for expected credit losses:

Note 42 describes the use of practical expedient by computing the expected credit loss allowance for trade receivables other than subsidy receivables based on provision matrix. The expected credit allowance is based on the aging of the days receivables are due and the rates derived based on past history of defaults in the provision matrix. As regards subsidy receivables, the Company does not believe that there is any credit risk as dues are receivable from the Government and hence no allowance for expected credit loss is made.

Dismantling cost of property, plant and equipment:

Note 22 describes assets retirement obligation on estimate basis for property, plant and equipment. The management estimates dismantling cost considering size of the asset and its useful life in line with industry practices.

Stores and spares inventories:

The Company's manufacturing process is continuous and highly mechanical with wide range of different types of plant and machineries. The Company keeps stores and spares as standby to continue the operations without any disruption. Considering wide range of stores and spares and long lead time for procurement of it and based on criticality of spares, the Company believes that net realizable value would be more than cost.

Fair value of investments:

The Company has invested in the equity instruments of various companies. However, the percentage of shareholding of the Company in some of such investee companies is low and hence, it has not been provided with future projections including projected profit and loss account by those investee companies. Hence, the valuation exercise carried out by the Company with the help of an independent valuer has estimated the fair value at each reporting period based on available historical annual reports and other information in the public domain. In case of other companies, where there are no comparable companies' valuations available (also includes start-up companies) and no further information available for future projections, capacity utilisation, commencement of operations, etc., the method of valuation followed is cost approach. The Company evaluates the aforesaid position at each period end.

Income taxes:

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions.

4.2. Significant accounting judgements, estimates and assumptions

The preparation of the company's 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. 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.

Judgements

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the standalone financial statements:

Operating lease commitments – Company as lessor

The company has entered into commercial property leases. It has determined, based on an evaluation of the terms and conditions of the arrangements that the lease term does not constitute a major part of the economic life of the commercial property and the present value of the minimum lease payments does not constitute the fair value of the asset. Thus, it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based on its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

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 Discounted Cash Flow model. The cash flows are derived from the budget for the next five years and do not include activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the Cash Generating Unit being tested. The recoverable amount is sensitive to the discount rate used for the Discounted Cash Flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

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.

Defined benefit plans

The cost of the defined benefit plans viz. gratuity, superannuation for the eligible employees of the Company 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 operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rate.

Further details about gratuity obligations are given in Note 38.

Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

5. Property, Plant and Equipment

(₹ in lakhs)

	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
PARTICULARS	As at 01-Apr-17	Additions	Deductions/ Adjustments	As at 31-Mar-18	As at 01-Apr-17	Charge for the year	Deductions/ Adjustments	As at 31-Mar-18	Balance As at 31-Mar-18	Balance As at 31-Mar-17
Freehold land	551.47	-	-	551.47	-	-	-	-	551.47	551.47
Leasehold land	705.30	-	-	705.30	12.77	6.42	-	19.19	686.11	692.53
Buildings	17,461.27	388.30	19.42	17,830.15	877.05	663.93	15.54	1,525.44	16,304.71	16,584.22
Bridge, culverts,bunders,etc.	0.18	-	-	0.18	0.04	0.02	-	0.06	0.12	0.14
Roads	138.48	-	-	138.48	28.83	9.16	-	37.99	100.49	109.65
Plant and machinery	1,92,331.22	18350.46	213.12	2,10,468.56	17,250.30	9895.10	199.17	26,946.23	1,83,522.33	1,75,080.92
Furniture and fittings	666.35	4.66	69.60	601.41	145.10	78.19	64.67	158.62	442.80	521.26
Motor Vehicles	200.34	-	0.07	200.27	89.18	31.34	0.07	120.45	79.82	111.16
Railway sidings	2,122.13	-	-	2,122.13	164.15	161.80	-	325.95	1,796.18	1,957.98
Office equipment	673.78	119.88	110.37	683.29	261.10	136.48	96.10	301.48	381.81	412.68
Computers and Data Processing units	450.76	71.33	188.45	333.64	205.82	91.34	175.98	121.18	212.46	244.94
Laboratory equipment	599.40	10.68	13.04	597.04	112.56	68.82	11.46	169.92	427.12	486.84
Electrical Installation and Equipment	4,765.13	1605.16	-	6,370.29	295.17	484.54	-	779.71	5,590.58	4,469.96
Library books	16.96	-	-	16.96	4.42	1.68	-	6.10	10.86	12.54
TOTAL	2,20,682.77	20,550.47	614.07	2,40,619.17	19,446.49	11,628.82	562.99	30,512.32	2,10,106.86	2,01,236.29
Capital work in progress									76,132.93	27,167.68

	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
PARTICULARS	As at 01-Apr-16	Additions	Deductions/ Adjustments	As at 31-Mar-17	As at 01-Apr-16	Charge for the year	Deductions/ Adjustments	As at 31-Mar-17	Balance As at 31-Mar-17	Balance As at 31-Mar-16
Freehold land	551.47	-	-	551.47	-	-	-	-	551.47	551.47
Leasehold land	705.30			705.30	6.34	6.43	-	12.77	692.53	698.96
Buildings	7,997.57	9463.70	-	17,461.27	440.42	436.63	-	877.05	16,584.22	7,557.15
Bridge, culverts,bunders,etc.	0.18	-	-	0.18	0.02	0.02	-	0.04	0.14	0.16
Roads	138.48	-	-	138.48	14.17	14.66	-	28.83	109.65	124.31
Plant and machinery	1,60,648.37	31691.23	8.38	1,92,331.22	8,371.71	8887.20	8.61	17,250.30	1,75,080.92	1,52,276.66
Furniture and fittings	607.20	71.88	12.73	666.35	77.47	79.52	11.89	145.10	521.25	529.73
Motor Vehicles	200.38	-	0.04	200.34	45.98	43.23	0.03	89.18	111.16	154.40
Railway sidings	288.09	1,834.04	-	2,122.13	81.28	82.87	-	164.15	1,957.98	206.81
Office equipment	560.90	131.67	18.79	673.78	140.97	138.25	18.12	261.10	412.68	419.93
Computers and Data Processing units	418.84	51.71	19.79	450.76	109.12	115.04	18.34	205.82	244.94	309.72
Laboratory equipment	481.21	128.81	10.62	599.40	57.33	64.85	9.62	112.56	486.84	423.88
Electrical Installation and Equipment	1,183.18	3581.95	-	4,765.13	108.51	186.66	-	295.17	4,469.96	1,074.67
Library books	16.96	-	-	16.96	2.31	2.11	-	4.42	12.54	14.65
TOTAL	1,73,798.13	46,954.99	70.35	2,20,682.77	9,455.63	10,057.47	66.61	19,446.49	2,01,236.28	1,64,342.50
Capital work in progress									27,167.68	40,344.52

Notes

1 Asset acquisition includes R&D assets of ₹ 88.08 lakhs (previous year ₹ 9.09 lakhs).

2 The Company has acquired land through Government and also through direct negotiations. The entire land is in possession of the Company. In respect of portion of land for which the Company has still not received the award/sale deed, the advance paid to land owners have been treated as land. In respect of other portion of land acquired through direct negotiations, compensation has been paid at the negotiated price. The Company also holds possession of a portion of land for which no amount has been paid in absence of receipt of awards.

3 The Company has leased a portion of its land to Bank of Baroda for bank premises at Fertilizernagar and Sikka and Gas Authority of India Ltd. (GAIL) for establishment of CNG pumping station.

4 Buildings include ₹ 0.02 lakh being the value of shares in Co-operative Housing Societies.

5 The Company established Sikka Jetty at its own cost, which is in operation since 1987. After due discussion with Gujarat Maritime Board (GMB), a consensus was arrived at establishing ownership of jetty with the Company. Thereafter, in terms of resolution passed by GMB, the ownership of the jetty at Sikka was transferred to the Company. However, during 1994, GMB has reversed its earlier decision not supported by resolution and contended that the ownership of the jetty rests with GMB. The Company has made representation to the appropriate authority with regards to the ownership of the jetty with the Company.The matter of deciding the status of Jetty was under examination at GMB & Government of Gujarat levels since long back. Various meetings were also held and after due diligence on the matter, it is decided by the Board of GMB supported by a resolution to assign the status of Captive Jetty to sikka jetty and the Company has to sign Captive Jetty Agreement with GMB. The matter is under discussion with GMB authorities. Pending finalization of the Captive Jetty Agreement, no provision is considered necessary in respect of various claims against the Company and counter-claims of the Company (both the amounts not determined). At present the Company is in possession of the Jetty and continues to be the owner of the Jetty pending signing of the Agreement.

6. Intangible assets

(₹ in lakhs)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01-Apr-17	Additions	Deductions/ Adjustments	As at 31-Mar-18	As at 01-Apr-17	Charge for the year	Deductions/ Adjustments	As at 31-Mar-18	Balance As at 31-Mar-18	Balance As at 31-Mar-17
Computer software	1,234.42	-	-	1,234.42	574.18	283.27	-	857.45	376.97	660.24
TOTAL	**1,234.42**	**-**	**-**	**1,234.42**	**574.18**	**283.27**	**-**	**857.45**	**376.97**	**660.24**

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01-Apr-16	Additions	Deductions/ Adjustments	As at 31-Mar-17	As at 01-Apr-16	Charge for the year	Deductions/ Adjustments	As at 31-Mar-17	Balance As at 31-Mar-17	Balance As at 31-Mar-16
Computer software	1,225.82	8.60	-	1,234.42	288.53	285.65	-	574.18	660.24	937.29
TOTAL	**1,225.82**	**8.60**	**-**	**1,234.42**	**288.53**	**285.65**	**-**	**574.18**	**660.24**	**937.29**

7. Non-current investments

(₹ in lakhs)

Praticulars		As at 31-03-2018	As at 31-03-2017
Investments in equity shares of Associates measured at cost			
14,302	shares of Vadodara Enviro Channel Ltd. - ₹ 10 each*	-	-
12,50,000	shares of Gujarat Green Revolution Company Ltd. - ₹ 10 each	125.00	125.00
60,45,861	Shares of Karnalyte Resources Inc-Canadian Dollar (CAD) (Note -2)	3,126.69	3,126.69
		3,251.69	**3,251.69**
Investments in equity shares of subsidiary measured at cost			
47,99,994	shares of GSFC Agrotech Ltd. - ₹ 10 each (18,00,000 shares subscribed during the year)	480.00	300.00
Unquoted equity shares of other companies measured at fair value through OCI			
11,25,000	Shares of Indian Potash Limited - ₹ 10 each	15,191.10	12,273.75
12,26,31,575	Shares of Gujarat Chemical Port Terminal Co. Ltd. - ₹ 1 each	18,640.00	19,866.32
5,92,20,000	Shares of Bhavnagar Energy Company Ltd.- ₹ 10 each) (Note-3)	2,931.39	4,370.44
2,35,00,000	Shares of Gujarat State Petroleum Corporation Limited – ₹ 1 each	1,886.96	8,020.55
41,79,848	Shares of Tunisian Indian Fertilizers (TIFERT s.a.) - TND 10 each (Note - 4)	-	4,719.01
60,000	Shares of Gujarat Venture Finance Limited – ₹ 10 each	74.02	66.60
50,000	Shares of Biotech Consortium India Limited – ₹ 10 each	19.59	17.50
1,15,000	Shares of Gujarat Data Electronics Limited - ₹ 10 each	-	-
		38,743.06	**49,334.17**
Quoted equity shares of other companies measured at fair value through OCI			
3,07,79,167	Shares of Gujarat Narmada Valley Fertilizers Co. Ltd. - ₹ 10 each	1,12,020.78	88,351.60
2,23,62,784	Shares of Gujarat Industries Power Company Ltd. - ₹ 10 each	21,647.18	23,044.85
16,55,040	Shares of Gujarat Alkalies & Chemicals Ltd. - ₹ 10 each	11,561.28	6,749.25
93,82,895	Shares of Gujarat Gas Ltd. - ₹ 10 each (Note - 4)	78,178.28	72,131.01
9,35,600	Shares of Gujarat State Financial Corporation - ₹ 10 each	-	-
10,00,000	Shares of GRUH Finance Limited - ₹ 2 each	5,752.50	3,959.00
5,49,440	Shares of Industrial Development Bank of India - ₹ 10 each	396.70	412.63
5,79,000	Shares of Mangalore Chemicals & Fertilizers Ltd. - ₹ 10 each	350.30	334.09
		2,29,907.02	**1,94,982.43**
Total FVTOCI Investments		**2,68,650.08**	**2,44,316.60**
Other equity investments			
Tunisian Indian Fertilizers (TIFERT s.a.)-refer note-7		**1,664.32**	**-**
TOTAL INVESTMENTS		**2,74,046.09**	**2,47,868.29**
Aggregate book value of Quoted Investments		2,29,907.02	1,94,982.43
Aggregate market value of Quoted Investments		2,29,907.02	1,94,982.43
Aggregate carrying value of Unquoted Investments		44,139.07	52,885.86
Category-wise other investments-as per Ind AS 109 classification			
Particulars		**31-03-2018**	**31-03-2017**
Financial assets carried at fair value through profit or loss (FVTPL)		-	-
Financial assets carried at amortised cost		3,731.69	3,551.69
Financial assets measured at FVTOCI		2,70,314.40	2,44,316.60
TOTAL INVESTMENTS		**2,74,046.09**	**2,47,868.29**

7. Non-Current Investments (Contd...)

Notes:

* Less than a Thousand

1) There is no change in the no of shares compare to previous year, except where specifically mentioned above under each case.

2) The 54,90,306 no of equity shares of Karnalyte Resources Inc., Canada, held by the Company are pledged to secure the Company's long term borrowings from bank.

3) As a promoter of Bhavnagar Energy Company Limited (BECL), the Company has signed the Sponsors' Support Agreement (SSA) and as per the said Agreement, the promoters collectively shall not, till the final settlement date (being the date on which all obligations under the SSA have been irrevocably and unconditionally paid and discharged in full to the satisfaction of lenders), dispose-off their shareholdings which would result in dilution of their shareholding below 51%.

   Government of Gujarat has accorded its approval for carrying out appropriate modifications in the Memorandum & Articles of Association of BECL in pursuance of Section 2(45) & (87) of the Companies Act, 2013, there by converting BECL as Govt. Company by becoming a subsidiary of Gujarat Power Corporation Limited (GPCL)/ Gujarat State Electricity Corporation Limited (GSECL). In view of above, the Company has accorded its approval for amendment of third draft Shareholders Agreement and suitable changes / modifications in the Memorandum & Articles of Association of BECL. The decision for revised percentage of equity contribution in the said Government Company i.e. GPCL/GSECL is under process and the said revision shall be effective from 01.04.2018.

4) The equity shares held by the Company in Tunisian Indian Fertilizers S.A., Tunisia (TIFERT) have been pledged to secure the obligations of TIFERT to their lenders.

5) Company has received 93,82,895 nos of shares of Gujarat Gas Ltd in persuant to scheme of amalgamation and arrangement between the GSPC Gas Company Limited and GSPC Distribution Networks Limited pursuant to the Honourable High Court order. Out of the said shares, 39,47,369 nos of shares are lock-in for a period of 3 years from listing date.

6) Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities. Refer note 42 for determination of their fair values.

7) The company has provided a loan of USD 2.50 Mn to TIFERT for procurement of critical spares and equipments. Loan has been provided with a condition of compulsory conversion in equity shares of TIFERT after 3 years from the date of agreement and it carries an interest of daily average LIBOR plus a margin of 225 basis points. Principal amount of the loan along with unpaid interest will be converted into equity shares of TIFERT at face value after 3 years of agreement, accordingly the same has been classified as Investment, as in substance the nature is of the investment.

8. Other non-current financial assets

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured, considered good		
Other deposits	4,369.25	4,230.73
Unsecured, considered doubtful		
Deposits with companies & others	102.70	102.70
Less: Allowance for doubtful deposits	102.70	102.70
TOTAL	**4,369.25**	**4,230.73**

9. Other non current assets

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital Advances*	31,360.74	37,175.73
Prepaid Expenses	6.03	5.66
Prepayment for Leasehold Land	1,031.82	1,106.20
Others	164.68	164.68
TOTAL	**32,563.27**	**38,452.27**

*Capital advance as on 31st March,2018 includes ₹ 29,421.17 lakhs(₹ 29,702.77 lakhs as at 31st March,2017),advance for leasehold land pending execution of lease deed towards plot no.D-3/4 in Dahej III admeasuring 2979922.19 sq.meter.

10. Inventories

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Raw materials	22,791.19	10,370.06
Raw materials in Transit	2,518.40	8,425.36
Work-in-Process	1,582.77	1,546.19
Finished goods	30,648.96	29,357.39
Stock in trade	6,155.74	1,132.47
Stock in trade-in Transit	-	2,087.03
Stores and spares (including packing material)	16,921.56	17,372.03
Loose tools	21.20	30.59
TOTAL	**80,639.82**	**70,321.12**

11. Trade receivables

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured, considered good	1,032.39	954.98
Unsecured, considered good	95,675.44	79,032.77
Unsecured, considered doubtful	7,992.40	11,350.74
	1,04,700.23	91,338.49
Less: Allowance for doubtful debts (including ECL)	7,992.40	11,350.74
TOTAL	**96,707.83**	**79,987.75**

The average credit period on sale of goods is 30 to 90 days. No interest is charged on trade receivables upto the expiry of the credit period. Thereafter, interest is charged at 15% per annum on the outstanding balance.

The Company does not have any customers who represent more than 5% of the total balance of trade receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. Refer note 42 for the provision matrix at the end of the reporting period, ageing of receivable and movement in the expected credit loss allowance.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. Refer note 42 for the credit risk management by the Company.

For balances relating to related party receivables, refer Note 40.

12. Government subsidies receivable

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Subsidy from Government of India under New Urea Policy/Retention Price Scheme/Nutrient Based Subsidy Scheme*		
Outstanding for a period exceeding six months from due date	1,10,115.00	1,48,720.00
Outstanding for a period not exceeding six months from due date	64,074.00	43,873.00
TOTAL	**1,74,189.00**	**1,92,593.00**

*As agreed by Department of Fertilizers vide its Office Memorandum dated 16th March, 2017, it has started releasing outstanding subsidy from 01/04/2010 to 17/03/2013 and as required, the Company has submitted cost data for the period 18/03/2013 to 05/03/2017 to Department of Fertilizers "DoF" to examine the eligibility of GSFC for the payment of subsidy. The same is under process at DoF. The outstanding receivable on account of Ammonium Sulphate subsidy claims related to the period 01/04/2010 to 17/03/2013 is ₹ 26.37 Crores and for 18/03/2013 to 05/03/2017 is ₹ 662.95 Crores as on 31st March 2018.

13. Cash and cash equivalents

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and cash equivalents		
Cash on hand	11.39	1.52
Balances with banks		
In current accounts	5,021.66	4,356.35
	5,033.05	**4,357.87**

14. Other bank balances

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
In Unclaimed dividend account-restricted	525.91	474.86
In Fractional bonus account-restricted	10.58	10.58
In Deposit accounts (original maturity more than three months)	645.36	523.57
TOTAL	**1,181.85**	**1,009.01**

"If the dividend has not been claimed within 30 days from the date of its declaration, the Company is required to transfer the total amount of the dividend which remains unpaid or unclaimed, to a special account to be opened by the Company in a scheduled bank to be called "Unpaid Dividend Account". The unclaimed dividend lying in such account is required to be transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government after a period of seven years from the date of declaration. Company has transferred Unclaimed Dividend upto FY 2009 – 2010 to IEPF upto March 31, 2018."

15. Loans

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured, considered good		
Loans to employees*	14,895.61	13,798.59
Unsecured, considered good		
Advances to employees	122.19	121.68
Other loans to employees	916.11	901.64
Interest accrued	22.67	21.49
Others	53.52	61.44
	16,010.10	**14,904.84**

Notes:

* The loans are secured by mortgage of the underlying assets and are repayable on demand.

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counter parties. These financial assets are carried at amortised cost.

Notes to the Financial Statements

16. Other current financial assets

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Financial assets at fair value through profit & loss		
Derivatives not designated in hedging relationship		
Foreign exchange option contracts	1,063.65	1,559.30
Financial assets at amortised cost		
Others	757.59	852.39
TOTAL	**1,821.24**	**2,411.69**

17. Other Current Assets

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured, considered good		
Balances with govt. agencies	20,273.89	2,364.15
Advances to suppliers*	15,558.52	5,912.03
Prepaid expenses	294.92	372.37
Prepayment for Lease hold lands	355.98	74.38
TOTAL	**36,483.31**	**8,722.93**

* includes advances to related parties ₹ 244.39 lakhs (₹ 293.13 lakhs as at 31st March,2017).

18. Assets classified as held for sale

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Assets classified as held for sale*	703.98	308.45
TOTAL	**703.98**	**308.45**

* Expected net realizable value is higher than carrying amount.

The Company decided to sell plant and machinery amounting to ₹ 300.26 Lakhs which is of obsolete technology. The Company expects to sell the same in near future. There is no cost to sell the asset and hence the same is not presented seperately under liabilities.

During the year 2017-2018, company has acquired possession of Residential Property located at, New Delhi against outstanding receivables, value of which amounts to ₹ 403.72 Lakhs.

19. Share Capital

(₹ in lakhs)

Particulars	As at 31st March 2018		As at 31st March 2017	
	Number of shares Refer Note (a) below	**Amount**	**Number of shares** Refer Note (a) below	**Amount**
Authorised				
Equity Shares of ₹ 2/- each	1,00,00,00,000	20,000.00	1,00,00,00,000	20,000.00
Redeemable Cumulative Preference Shares of ₹ 100 each	1,60,00,000	16,000.00	1,60,00,000	16,000.00
		36,000.00		**36,000.00**
Issued, Subscribed and Paid up:				
Issued				
Equity Shares: Face value of ₹ 2/- each				
Shares outstanding at beginning of the year	39,91,21,850	7,982.44	39,91,21,850	7,982.44
Shares outstanding at year end	**39,91,21,850**	**7,982.44**	**39,91,21,850**	**7,982.44**
Subscribed				
Equity Shares: Face value of ₹ 2/- each				
Shares outstanding at beginning of the year	39,90,69,685	7,981.39	39,90,69,685	7,981.39
Shares outstanding at year end	**39,90,69,685**	**7,981.39**	**39,90,69,685**	**7,981.39**
Paid-up				
Equity Shares: Face value of ₹ 2/- each				
Shares outstanding at beginning of the year	39,84,77,530	7,969.55	39,84,77,530	7,969.55
Shares outstanding at year end	**39,84,77,530**	**7,969.55**	**39,84,77,530**	**7,969.55**
TOTAL	**39,84,77,530**	**7,969.55**	**39,84,77,530**	**7,969.55**

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

(₹ in lakhs)

Particulars	As at 31st March 2018		As at 31st March 2017	
	Number of shares	**Amount**	**Number of shares**	**Amount**
Equity Shares				
At the beginning of the year	39,84,77,530	7,969.55	39,84,77,530	7,969.55
Issued / Reduction, if any during the year	-	-	-	-
Outstanding at the end of the year	39,84,77,530	7,969.55	39,84,77,530	7,969.55

b) Rights, preferences and restrictions attached to shares

Equity shares

The Company has one class of equity shares having a par value of ₹ 2 each. Each shareholder is eligible for one vote per share held. The dividend proposed by Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting. 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.

c) Shareholders holding more than 5% of equity share capital

Particulars	As at 31st March 2018		As at 31st March 2017	
	Number of shares	**Percentage of holding**	**Number of shares**	**Percentage of holding**
Gujarat State Investments Limited	15,07,99,905	37.84	15,07,99,905	37.84
Life Insurance Corporation of India	3,17,78,658	7.98	3,17,78,658	7.98
Fidelity Puritan Trust-Fidelity Low priced stock fund	2,89,00,000	7.25	3,15,00,000	7.91

20. Other equity

(₹ in lakhs)

Particulars	Reserves & Surplus					Items of OCI	
	Capital reserve	Equity security premium	Capital redemption reserve	General reserve	Retained earnings	Equity Instruments through OCI	Total Equity
Balance as at April 01, 2016	**1,256.33**	**30,524.02**	**3,335.00**	**3,98,153.31**	**28,528.68**	**80,825.51**	**5,42,622.85**
Profit for the year	-	-	-	-	41,950.24	-	41,950.24
Other comprehensive income for the year net of income tax	-	-	-	-	-	81,056.35	81,056.35
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	-	-	-	-	(5,532.00)	-	(5,532.00)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**36,418.24**	**81,056.35**	**1,17,474.59**
Dividends paid [Note 20]	-	-	-	-	(8,766.51)	-	(8,766.51)
Dividend Distribution Tax (DDT) [Note 20]	-	-	-	-	(1,784.65)	-	(1,784.65)
Transfer to General reserve	-	-	-	30,000.00	30,000.00	-	60,000.00
Balance as at March 31, 2017	**1,256.33**	**30,524.02**	**3,335.00**	**4,28,153.31**	**84,395.76**	**1,61,881.86**	**7,09,546.28**
Balance as at April 01, 2017	**1,256.33**	**30,524.02**	**3,335.00**	**4,28,153.31**	**24,395.76**	**1,61,881.86**	**6,49,546.28**
Profit for the year	-	-	-	-	47,573.35	-	47,573.35
Other comprehensive income for the year net of income tax	-	-	-	-	-	31,868.23	31,868.23
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	-	-	-	-	(211.48)	-	(211.48)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**47,361.87**	**31,868.23**	**79,230.10**
Dividends paid [Note 20]	-	-	-	-	(8,766.51)	-	(8,766.51)
Dividend Distribution Tax (DDT) [Note 20]	-	-	-	-	(1,784.65)	-	(1,784.65)
Transfer to General reserve	-	-	-	18,000.00	(18,000.00)	-	-
Balance as at March 31, 2018	**1,256.33**	**30,524.02**	**3,335.00**	**4,46,153.31**	**43,206.47**	**1,93,750.09**	**7,18,225.22**

Distributions made and proposed

(₹ in lakhs)

Particulars	Amount
Cash dividends on equity shares declared and paid:	
Final dividend for the year ended on 31 March 2017: ₹ 2.20 per share (31 March 2016: ₹ 2.20 per share)	8766.51
DDT on final dividend	1784.65
Total cash dividends declared and paid	**10551.16**
Proposed dividends on Equity shares:	
Final dividend for the year ended on 31 March 2018: ₹ 2.20 per share (31 March 2017: ₹ 2.20 per share)	8766.51
DDT on final dividend	1801.98
Total Proposed dividends	**10568.49**
Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon).	

21. Long term borrowings

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured		
Term loan from bank*	20,000.00	5,187.09
TOTAL	**20,000.00**	**5,187.09**

Note:

* The term loan from bank comprises of Rupee Term Loan (RTL) from EXIM bank for 40,000 MTPA Melamine III Project at Baroda Unit of GSFC having tenure of 5 years. The sanctioned limit of the loan is ₹ 500 Crores carrying G-sec rate prevailing as on the date of disbursement with spread of 160 bps (G – sec rate and spread will be reset annually). GSFC has availed ₹ 200 Crore during F.Y. 2017-18 having effective rate of interest 7.855%. This loan is secured by hypothecation of movable fixed assets of the said project. The principal amount of loan is repayable over a period of 15 equal quarterly installments commencing after a moratorium of 18 months from the date of first disbursement which will be due on 01.04.2019.

*The term loan from bank comprise of External Commercial Borrowings (ECB) and are secured by pledge on Shares of Karnalyte Resources Inc, Canada. The principal amount of the loan is repayable over a period of six years in annual instalments with the first instalment due in March 2015 and the interest on the loan is repayable in quarterly instalments over the tenure of the loan. The above loan carries effective interest rates with spread ranging from 175 bps to 190 bps over three months LIBOR. The repayment obligations for these loans have been partially hedged for exchange rate risk and fully hedged for interest rate risk. The last installment of 8 Million ISD is repayable in March'19.

22. Long term provisions

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Provision for employee benefits		
Provision for Gratuity (Refer Note 38)	4,589.10	7,067.90
Provision for Pension (Refer Note 38)	20,907.46	21,203.29
Provision for Compensated absences*	15,871.45	15,867.67
Provision for Post Retirement Medical Benefit Scheme (PRMBS) (Refer Note 38)	3,838.57	3,756.98
Other Provisions		
Provision for Asset Retirement Obligation	1,648.11	1,541.78
TOTAL	**46,854.69**	**49,437.62**

*The provision for Compensated absences pertains to accrued ordinary and sick leave entitlements. The change in carrying amount of the provision results from additional provision recognized net of benefits paid.

Movement in provision for Asset Retirement Obligation:

Particulars	Provision for Asset Retirement Obligation
Balance as at 1st April, 2017	1,541.78
Additional provision recognised	106.33
Balance as at 31st March, 2018	1,648.11

23.

A Income tax asset (net) (₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Advance payment of Income Tax (net)	13,634.97	8,618.39

B Current tax liabilities (net) (₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Provision for Income Tax (net)	2,473.63	8,580.26

C Deferred tax liabilities (net) (₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Statement of Profit & loss		
Profit & loss section		
Current income tax charge (net of MAT credit entitlement)	6,663.20	3,305.03
Deferred tax relating to origination & reversal of temporary differences	4,973.60	1,384.19
Earlier Year Tax	(10,131.10)	(9,151.37)
Income tax expense reported in the statement of profit or loss	**1,505.70**	**(4,462.15)**
(b) Other comprehensive income section		
Unrealised (gain)/loss on FVTOCI equity securities	(7,598.63)	(3,501.67)
Net loss/(gain) on remeasurements of defined benefit plans	(113.57)	(2,927.74)
Income tax charged to OCI	**(7,712.20)**	**(6,429.41)**
(c) Reconciliation of tax expense and the accounting profit multiplied by		
Accounting profit before income tax [A]	**49,079.03**	**37,488.09**
Statutory income tax rate	34.608%	34.608%
Tax at statutory income tax rate of 34.608%	**16,985.27**	**12,973.88**
Tax effects of :		
Income not subject to tax	(2,271.90)	(621.84)
Inadmissible expenses or expenses treated separately	8,771.89	9,268.49
Admissible deductions	(11,412.96)	(13,064.36)
Deduction Under chapter - VI	(5,409.10)	(5,251.10)
Deferred tax on other items	**4,973.60**	**1,384.17**
Total tax effect	**(5,348.47)**	**(8,284.64)**
Income tax expense	11,636.80	4,689.24
Earlier year tax	(10,131.10)	(9,151.37)
Income tax expense reported in statement of Profit & loss	**1,505.70**	**(4,462.13)**

(d) Deferred tax relates to the following: (₹ in lakhs)

	Balance sheet		Profit & loss	
	31-Mar-18	31-Mar-17	2017-18	2016-17
Property, plant and equipment	(45,778.14)	(42,699.88)	3,078.26	2,782.77
Expenses allowable for tax purpose when paid	8,927.63	9,775.43	847.80	4,554.89
Investments in Equity instruments	11,762.24	4,163.61	(7,598.63)	(3,501.67)
Fair valuation of deposits	0.64	0.65	0.01	(0.18)
Actuarial loss on Defined benefit plan	8,756.29	8,559.60	(196.69)	(3,732.49)
Actuarial loss on Compensated Absences	-	-	-	804.74
Fair valuation of Derivatives	(6.64)	(6.58)	0.06	-
Machinery Spares	1,464.17	1,450.09	(14.08)	-
Allowance for doubtful debts	5,316.05	6,436.95	1,120.90	(5,793.99)
ARO provision	333.95	293.94	(40.01)	(51.53)
ICDS Impact	44.03	107.79	63.76	(107.79)
Reclassification of MAT Credit entitlement	4,134.08	4,267.51	133.43	(2,429.95)
Deferred tax expense/(income)	**-**	**-**	**(2,605.19)**	**(7,475.20)**
Net deferred tax assets/(liabilities)	**(5,045.68)**	**(7,650.89)**	**-**	**-**
Reconciliation of deferred tax liabilities (net):				
Opening Balance as at	**31-03-2017**	**31-03-2016**		
	(7,650.89)	**(15,126.09)**		
Tax income/(expense) during the period recognised in P&L	(4,973.58)	1,045.76		
Tax income / (Expense) MAT credit recognised in P&L	(133.43)			
Tax income/(expense) during the period recognised in OCI	7,712.21	6,429.41		
	(5,045.68)	**(7,650.89)**		
Closing balance as at	**31-03-2018**	**31-03-2017**		

Notes:

a) The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

24. Financial Liabilities- borrowings

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured		
Loans repayable on demand		
From Banks		
Cash credit account *	18,252.69	14,349.45
Unsecured		
Loans repayable on demand		
Short term working capital demand loan/over drafts from banks	14,538.36	2,003.69
Other loans and advances		
Commercial papers**	-	20,000.00
Buyers credit and bill discounting facility	51,298.95	33,796.62
TOTAL	**84,090.00**	**70,149.76**

* The Cash credit facility from consortium of banks is secured by hypothecation of stock of raw materials, finished products, packing materials, general stores, spares, book debts etc. of the Company.

** The Company issued commercial paper of ₹ 200 crores for 90 days period in 2016-17, has been repaid during the year 2017-18.

Interest rate details for short term borrowings:

(i) Working capital demand loan carries interest rate ranging from 7.00% to 8.00% p.a.
(ii) Cash credit accounts carries interest rates ranging from 8.15% to 11.00% p.a.
(iii) Commercial papers carries interest at ranging from 6.20% to 6.46% p.a.
(iv) Buyers credit carries interest at ranging from 1.04% to 2.35% p.a.

25. Current financial liabilities- trade payables

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Due to Micro, Small and Medium Enterprises (MSMED)*	379.11	289.03
Others**	82,000.28	59,703.52
TOTAL	**82,379.39**	**59,992.55**

Particulars	As at 31st March, 2018	As at 31st March, 2017
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	379.11	289.03
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	NIL	NIL
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	NIL	NIL
(iv) The amount of interest due and payable for the year	NIL	NIL
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	NIL	NIL
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	NIL	NIL

*Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.
** includes trade payable to related parties ₹ 5997.95 lakhs (₹ 7579.65 lakhs as at 31st March,2017).

26. Other current financial liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Financial liabilities at fair value through profit & loss		
Derivatives not designated as hedges		
Foreign exchange forward contracts	-	293.60
Other financial liabilities at amortised cost		
Current maturities of long term debt	5,203.53	5,187.08
Interest accrued but not due on borrowings	225.96	48.38
Unclaimed dividend*	525.91	474.86
Unpaid matured deposits*	0.25	0.87
Deposits received	5,319.84	4,382.12
Dues to shareholders for fractional bonus shares	19.42	19.42
Liability towards employee benefits	3,440.77	4,320.14
Creditors for capital goods	28,725.75	14,999.38
Other payables	579.85	92.79
TOTAL	**44,041.28**	**29,818.64**

* These figures do not include any amounts due and outstanding to be credited to Investor Education and Protection Fund.

27. Other current liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Advances from customers	1,164.01	1,235.97
Statutory dues	1,857.22	4,025.48
Income received in advance	7.40	8.00
TOTAL	**3,028.63**	**5,269.45**

28. Provisions

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Provision for employee benefits		
Provision for Gratuity (Refer note 38)	1,894.74	1,679.21
Provision for Compensated absences*	3,257.51	2,898.68
Provision for Pension (Refer note 38)	4,541.66	4,480.02
Provision for PRMBS (Refer note 38)	198.53	190.54
TOTAL	**9,892.44**	**9,248.45**

* The provision for Compensated absences pertains to accrued ordinary and sick leave entitlements. The change in carrying amount of the provision results from additional provision recognized net of benefits paid.

29. Revenue from operations

(₹ in lakhs)

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
Revenue from sale of products		
- Manufactured / Generated products-including subsidy on fertilizers	5,50,508.62	4,99,176.66
- Traded products - including subsidy on fertilizers	80,418.24	48,511.64
Total	**6,30,926.86**	**5,47,688.30**
Revenue from operation above includes:-		
Subsidy from Government of India under New Urea Policy/Retention Price Scheme/Nutrient Based Subsidy Scheme		
Pertaining to current year	1,73,188.00	1,48,245.00
Pertaining to earlier years determined during current year	(6,688.00)	(2,541.00)
TOTAL	**1,66,500.00**	**1,45,704.00**

30. Other income

(₹ in lakhs)

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
Interest on (gross)	2,939.42	1,645.47
Dividend from long term investments	2,791.83	1,738.59
Rent	219.00	176.99
Insurance claims	153.35	287.38
Profit on sale of fixed assets	0.08	0.09
Excess provision no longer required	1,441.32	1,066.71
Bank guarantee commission	116.52	90.47
Scrap sales	1,554.63	387.03
Miscellaneous income	250.56	271.61
TOTAL	**9,466.71**	**5,664.34**

31. Cost of material consumed

(₹ in lakhs)

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
Raw Materials		
Opening stock	18,795.42	14,348.05
Add: Purchases	3,29,629.34	2,76,930.86
Less: Closing stock	25,309.59	18,795.42
TOTAL	**3,23,115.17**	**2,72,483.49**

32. Purchase of stock in trade

(₹ in lakhs)

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
Purchase of Stock in Trade	79,550.91	48,003.74
TOTAL	**79,550.91**	**48,003.74**

33. Changes in inventory of finished goods, work in process and stock in trade (₹ in lakhs)

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
Opening stock		
Finished products	29,357.39	22,193.93
Stock in trade	3,219.50	4,112.47
Work-in-process	1,546.19	1,873.70
	34,123.08	**28,180.10**
Less: Closing stock		
Finished products	30,648.94	29,357.39
Stock in trade	6,155.74	3,219.50
Work-in-process	1,582.77	1,546.19
	38,387.45	**34,123.08**
(Increase) / Decrease	**(4,264.37)**	**(5,942.98)**

34. Employee benefit expenses (₹ in lakhs)

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
Salaries, wages, bonus	37,042.69	37,329.79
Contribution to provident, gratuity and superannuation (pension) funds (including provisions)	7,208.49	6,555.93
Staff Welfare expenses	6,675.06	7,135.90
TOTAL	**50,926.24**	**51,021.62**

Employee benefit expenses includes R&D salary expenses of ₹ 851.11 lakhs (previous year ₹ 1133.72 lakhs)(Refer note no. 43)

35. Finance costs (₹ in lakhs)

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
Interest		
- borrowings	3,544.20	5,178.25
- others	1,007.62	821.77
Other borrowing cost	583.41	492.54
TOTAL	**5,135.23**	**6,492.56**

36. Other expenses (₹ in lakhs)

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
Consumption of stores and spare parts	8,917.39	7,639.51
Water	2,683.44	2,585.93
Packing expenses	9,037.96	8,112.86
Repairs to buildings	294.35	342.81
Repairs to machinery	5,508.58	5,039.82
Other repairs	669.06	1,048.36
Insurance	666.68	597.00
Rent, rates and taxes	342.48	1,085.65

36. Other expenses (Contd...)

(₹ in lakhs)

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
Product transportation, distribution & loading & unloading charges	26,801.97	23,774.86
Depots and farm information centers expense	3,556.80	4,091.84
Marketing expense reimbursement, demonstration, extension services and publicity etc.	722.29	519.90
Foreign exchange gain/loss (net)	3,224.19	3,744.38
Directors sitting fees	6.12	7.87
Auditors' remuneration *	23.20	83.86
Cost auditors' fees	5.28	5.58
Loss on fixed assets sold/discarded	39.39	3.51
Allowance for doubtful debts	432.86	3,640.66
Obsolete Spares and other items written off	-	200.00
Amortisation of leasehold land	355.98	367.39
Donations and contributions	1,559.73	848.05
Miscellaneous	4,007.92	4,199.49
TOTAL	**68,855.67**	**67,939.33**
Other expenses includes R&D expenses of ₹ 17.76 lakhs (previous year ₹ 24.99 lakhs) in respective heads (Refer note no. 43)		

***Auditors' remuneration**

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
Payment to Statutory Auditors:		
For Statutory audit	10.59	23.62
For Taxation matters	1.00	45.10
For other services (including Limited Review fees & certification)	6.82	14.88
For Reimbursement of expenses	4.79	0.26
	23.20	**83.86**

37. Earnings per share (EPS):

(₹ in lakhs)

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
i. Profit attributable to Equity holders of the Company		
Profit attributable to equity holders of the Company		
Continuing operations	47,573.35	41,950.24
Discontinued operations	-	-
Profit attributable to equity holders of the Company for basic earnings	47,573.35	41,950.24
Effect of dilution	-	-
Profit attributable to equity holders of the Company adjusted for the effect of dilution	**47,573.35**	**41,950.24**
ii. Weighted average number of ordinary shares		
Issued ordinary shares	39,84,77,530	39,84,77,530
Effect of dilution	-	-
	39,84,77,530	39,84,77,530
Basic EPS (₹)	11.94	10.53
Diluted EPS (₹)	11.94	10.53
Nominal value per share (₹)	2.00	2.00

38. Employment benefit plans

a) The Company operates post employment and other long term employee benefits defined plans as follows:

I. Funded

i. Gratuity

ii. Pension

II. Unfunded

i. Post retirement medical benefit scheme

Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment Risk: The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest Risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.

Longevity Risk: The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk: The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

b) Defined contribution plans:

Amount towards Defined Contribution Plans have been recognised under "Contributions to Providend, Gratuity and Superannuation Fund (pension) Funds (including provisions)" in Note : 34 ₹ 2,876.03 lakhs for financial year 2016-17 (₹ 2,730.07 lakhs for financial year 2016-17).

c) Details of funded & unfunded plans are as follows: **(₹ in lakhs)**

Description	Pension		Gratuity	
	2017-18	2016-17	2017-18	2016-17
1. Changes In Present Value of obligation				
a. Obligation as at the beginning of the year	58,669.04	50,362.00	27,890.11	26,260.45
b. Current Service Cost	586.39	569.67	1,299.12	1,193.64
c. Interest Cost	4,254.11	4,028.96	2,019.06	2,100.83
d. Actuarial (Gain)/Loss	1,858.06	7,958.89	(1,134.55)	636.00
e. Benefits Paid	(4,287.07)	(4,250.48)	(2,213.27)	(2,300.81)
f. Obligation as at the end of the year	61,080.53	58,669.04	27,860.47	27,890.11
The defined benefit obligation as at 31.03.2017 is	Funded	Funded	Funded	Funded
2. Changes in Fair Value of Plan Assets				
a. Fair Value of Plan Assets as at the beginning of the year	32,985.70	31,863.73	19,143.29	18,443.70
b. Expected return on Plan Assets	2,391.58	2,549.09	1,385.94	1,475.49
c. Actuarial Gain/(Loss)	323.70	116.31	196.79	19.15
d. Contributions	4,217.48	2,707.05	2,864.17	1,505.76
e. Benefits Paid	(4,287.07)	(4,250.48)	(2,213.27)	(2,300.81)
f. Fair Value of Plan Assets as at the end of the year	35,631.39	32,985.70	21,376.92	19,143.29

38. Employment benefit plans (Contd..) **(₹ in lakhs)**

Description	Pension		Gratuity	
	2017-18	2016-17	2017-18	2016-17
3. Amount Recognised In The Balance Sheet				
a. Fair Value of Plan Assets as at the end of the year	35,631.39	32,985.70	21,376.92	19,143.29
b. Present Value of Obligation as at the end of the year	(61,080.53)	(58,669.04)	(27,860.47)	(27,890.11)
c. Amount recognised in the Balance Sheet	(25,449.14)	(25,683.34)	(6,483.55)	(8,746.82)
4. Expense recognised in P & L during the year				
a. Current Service Cost	586.39	569.67	1,299.12	1,193.64
b. Net Interest Cost	1,862.53	1,479.87	633.09	625.34
c. Expense recognised during the year	2,448.92	2,049.54	1,932.21	1,818.98
5. Expense recognised in OCI during the year				
a. Return on Plan Assets,Excluding Interest Income	(323.70)	(116.31)	(196.79)	(19.15)
b. Actuarial (Gain)/Loss recognised on Obligation	1,858.06	7,958.89	(1,134.55)	636.00
c. Net (Income)/Expense recognised during the year	1,534.36	7,842.58	(1,331.34)	616.85
6. Investment Details of Plan Assets				
Administered by LIC of India	100%	100%	100%	100%

Maturity Profile	Pension		Gratuity		PRMBS	
Projeted benefit payable in future year from the date of reporting	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
1st Following year	7,586.01	3,177.08	3,431.67	2,665.12	198.53	190.55
2nd Following year	5,014.61	4,802.51	2,387.23	2,166.07	213.17	203.04
3rd Following Year	6,582.70	5,601.81	3,041.78	3,329.18	226.13	218.46
4th Following year	6,853.33	5,057.51	3,147.03	3,006.24	240.16	232.29
5th Following Year	7,490.71	5,145.70	3,473.96	3,058.96	255.93	246.99
Sum of year 6 to 10	32,016.43	25,632.34	14,646.11	15,268.00	1,509.96	1,488.11
Sum of year 11 and above	0	0	17,116.85	16,711.51	0	0

Description	PRMBS	
	2017-18	2016-17
1. Changes In Present Value of the defined benefit obligation		
a. Obligation as at the beginning of the year	3,947.53	3,636.14
b. Current Service Cost	177.01	178.28
c. Interest Cost	253.58	289.57
d. Actuarial (Gain)/Loss	122.04	362.45
e. Benefits Paid	(463.05)	(518.91)
f. Obligation as at the end of the year	4,037.11	3,947.53
The defined benefit obligation as at 31.03.2017 is	Unfunded	Unfunded

38. Employment benefit plans (Contd..)

(₹ in lakhs)

Description	PRMBS	
	2017-18	2016-17
2. Amount Recognised In The Balance Sheet		
a. Fair Value of Plan Assets as at the end of the year	—	—
b. Present Value of Obligation as at the end of the year	(4,037.11)	(3,947.53)
c. Amount recognised in the Balance Sheet	(4,037.11)	(3,947.53)
3. Expense recognised in P & L during the year		
a. Current Service Cost	177.01	178.28
b. Interest Cost	253.58	289.57
c. Expense recognised during the year	430.59	467.85
4. Expense recognised in OCI during the year		
a. Return on Plan Assets,Excluding Interest Income	—	—
b. Actuarial (Gain)/Loss recognised on Obligation	122.04	362.45
c. Net (Income)/Expense recognised during the year	122.04	362.45

The expense is disclosed in Note No. 34 - "Employee Benefit Expenses", Pension & Gratuity are disclosed in line item - Contribution to Provident Fund,and provision to Gratuity, Superannuation (Pension) Funds. Leave Encashment is disclosed in line item - Salaries, Wages and Bonus and PRMBS is disclosed in line item - Welfare funds.

d) Assumptions	31.03.2018	31.03.2017
a. Discount Rate (per annum)	7.45%	7.45%
b. Estimated Rate of return on Plan Assets (per annum)	N.A.	N.A.
c. Salary Escalation Rate (per annum)	6%	6%
d. Salary Medical Inflation Rate (per annum)	N.A.	N.A.

e. The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

f. The estimate of mortality rate during employment has been considered as per Indian Assured Lives Mortality (2006-08).

g. Provident Fund contributions are made to Trusts administered by the Company. The interest rate payable to the members of the Trusts shall not be lower than the statutory rate of interest declared by the Central Government under the Employees provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. Having regard to the assets of the Fund managed by the Trusts and the return on the investments, the Company does not expect any deficiency in the foreseeable future.

38. Employment benefit plans (Contd..) (₹ in lakhs)

Description	2017-18		
	Pension	Gratuity	PRMBS
e) Effect of one percentage point change in the assumed Discount Rate			
a. One percentage point increase in Discount Rate	(2,963.36)	(897.36)	(414.15)
b. One percentage point decrease in Discount Rate	3266.10	2098.90	504.90
Effect of one percentage point change in the assumed Salary Escalation Rate			
a. One percentage point increase in Salary Escalation Rate	3453.46	1681.04	NA
b. One percentage point decrease in Salary Escalation Rate	(3,178.25)	(1,539.31)	NA
Effect of one percentage point change in the assumed medical inflation rate-Benefit Obligation			
a. One percentage point increase in medical inflation rate	NA	NA	519.61
b. One percentage point decrease in medical inflation rate	NA	NA	252.10

f Details of funded & unfunded plans are as follows:

Pension	2017-18	2016-17	2015-16	2014-15	2013-14
Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)					
1 Present Value of Defined Benefit Obligation	61,080.53	58,669.04	50,362.00	35,708.00	35,506.00
2 Fair Value of Plan Assets	35,631.39	32,985.70	31,863.73	31,135.98	30,065.39
3 Status [Surplus/(Deficit)]	(25,449.14)	(25,683.34)	(18,498.27)	(4,572.02)	(5,440.61)
4 Experience Adjustment of Plan Assets [Gain/(Loss)]	323.70	116.31	-	-	-
5 Experience/Assumptions Adjustment of obligation [(Gain)/Loss]	1,858.06	7,958.89	15,143.18	534.77	(1,573.72)
Gratuity	**2017-18**	**2016-17**	**2015-16**	**2014-15**	**2013-14**
Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)					
1 Present Value of Defined Benefit Obligation	27,860.47	27,890.11	26,260.45	21,072.46	20,835.98
2 Fair Value of Plan Assets	21,376.92	19,143.29	18,443.70	17,772.13	17,053.92
3 Status [Surplus/(Deficit)]	(6,483.55)	(8,746.82)	(7,816.75)	(3,300.33)	(3,782.06)
4 Experience Adjustment of Plan Assets [Gain/(Loss)]	196.79	19.15	-	-	-
5 Experience/Assumptions Adjustment of obligation [(Gain)/Loss]	(1,134.55)	636.00	4,665.37	(460.73)	(303.78)

38. Employment benefit plans (Contd..)

(₹ in lakhs)

PRMBS	2017-18	2016-17	2015-16	2014-15	2013-14
Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)					
1 Present Value of Defined Benefit Obligation	4,037.11	3,947.53	3,636.09	2,678.04	2,356.54
2 Fair Value of Plan Assets	-	-	-	-	-
3 Status [Surplus/(Deficit)]	(4,037.11)	(3,947.53)	(3,636.09)	(2,678.04)	(2,356.54)
4 Experience Adjustment of Plan Assets [Gain/(Loss)]	-	-	-	-	-
5 Experience/Assumptions Adjustment of obligation [(Gain)/Loss]	122.04	362.45	354.77	-	-

39. Commitment and contingencies

a. Commitments

(₹ in lakhs)

Particulars	As at Mar-18	As at Mar-17
(i) Commitment for equity contribution & others	5,439.00	5,749.00
(ii) Estimated amount of contracts remaining to be executed on capital accounts and not provided for	11,048.00	68,978.00

b. Contingent liabilities

(₹ in lakhs)

Particulars	As at Mar-18	As at Mar-17
Claims against the Company not acknowledgement as debt		
(i) Excise duty	11,266.00	4,497.00
(ii) Central sales tax and value added tax	5,644.00	4,966.00
(iii) Income tax	7,948.00	11,223.00
(iv) Other claims by:		
- Statutory corporations	43,610.00	24,680.00
Income tax assessment orders contested	4,552.00	4,435.00
- Department of Fertilizers, total amount not quantifiable, demands stayed, matter pending with High Courts	Refer Note:12	Refer Note:12
- Employees / ex-employees, contractual labour – pending before courts	Not ascertainable	Not ascertainable

In respect of the above, the expected outflow will be determined at the time of final resolution of the dispute.

c. Contingent Assets

The Company does not have any contingent assets.

40. Related party transactions

The company is controlled by Government of Gujarat and Gujarat state Investment Limited and hence, the Company is Government related entity as per Ind AS 24 "Related Party Disclosures".

(₹ in lakhs)

Name of the Party	Nature of Relationship	Nature of Transaction	2017-18	2016-17
GSFC Agrotech Limited	Subsidiary	Purchase of goods	1,284.10	1,905.69
		Sale of materials/Goods	29,861.91	1.76
		Commission income	10.86	47.15
		Rent receipt	11.14	12.27
		Reimbursement of expenses	549.54	141.15
		Equity contribution	180.00	-
		Outstanding balance-Payable	167.69	-
		Outstanding balance-Receivable	5,366.16	304.48
Gujarat Arogya Seva Private Limited	Subsidiary of Subsidiary	-	-	-
Vadodara Enviro Channel Ltd. (Erstwhile Effluent Channel Project Ltd.)	Associate	Usage of effluent channel	286.16	275.40
		Outstanding balance-Payable	1.25	1.19
Gujarat Green Revolution Company	Associate	Reimbursement of expenses	179.92	157.25
		Dividend received	6.25	6.25
		Outstanding balance-Receivable	53.61	135.73
Gujarat Data Electronics Limited	Associate			
Karnalyte Resources Inc.	Associate	Reimbursement of expenses	9.77	43.32
		Outstanding balance-Payable	15.67	-
Tunisian Indian Fertilizer Company (TIFERT)	Other related party	Purchase of Material	25,376.85	12,493.61
		Reimbursement of expenses	27.22	-
		Outstanding balance-Payable	1,848.84	5,255.15
GSFC Education society	Other related party	Donation Granted	-	500.00
		Outstanding balance-Payables	-	-
Shri A M Tiwari, IAS, Managing Director	Key Management Personnel	Remuneration	113.53	116.58
V D Nanavaty – ED (Finance) & Chief Financial Officer	Key Management Personnel			
V V Vachhrajani, Sr. VP (Legal) & Company Secretary	Key Management Personnel			
Bhavnagar Energy Company Limited	Government related Entity	Investment in Equity	-	816.00
		Outstanding balance-receivable	-	-
Gujarat Alkalies & Chemicals Ltd.	Government related Entity	Purchase of Materials	1,861.46	1,414.54
		Sale of Product	663.12	735.83
		Recovery of (shared) expenses	8.65	16.61
		Outstanding balance-payable	88.27	-
		Outstanding balance-receivable	74.66	83.06
Gujarat Narmada Valley Fertilizers Company Limited	Government related Entity	Purchase of Materials	32.34	-
		Sale of Material	5,994.52	1,009.47
		Outstanding balance-Payables	(1.88)	0.01
		Outstanding balance-Receivables	179.70	99.57

Name of the Party	Nature of Relationship	Nature of Transaction	2017-18	2016-17
GAIL India Limited	Government related Entity	Purchase of GAS	84,912.35	79,140.77
		Sale of Product	897.58	896.43
		Outstanding balance-Receivables	139.84	53.48
		Outstanding balance-Payables	4,008.29	2,763.51
Gujarat Industries Power Company Limited.	Government related Entity	Purchase of power	12,021.85	12,495.68
		Sale of power	135.07	107.05
		Outstanding balance-Receivables	22.99	30.81
		Outstanding balance-Payables	26.99	-
Gujarat State Petroleum Corporation Ltd.	Government related Entity	Purchase of GAS	2,793.48	1,514.79
		Gas Swap	-	488.97
		Outstanding balance-payable	153.01	15.16
Gujarat State Financial Services Limited	Government related Entity	-	-	-
Gujarat State Investment Ltd.	Investor company	-	-	-
Gujarat Industrial Investment Corporation Ltd.	Government related Entity	-	-	-
Gujarat Agro Industries Corporation	Government related Entity	Sale of Product	24,024.16	18,350.41
		Outstanding balance-receivable	2,179.90	187.61
Rajasthan State Mines & Minerals Limited	Government related Entity	Sale of Product	399.34	508.99
		Purchase of RM	9,962.77	10,939.44
		Outstanding balance-payables	(373.07)	-
		Outstanding balance-Receivables	(87.84)	(37.18)
Gujarat Chemical Port Terminal Company Limited	Government related Entity	Storage & Wharfage charges	521.81	494.97
		Outstanding balance-payable	91.98	-

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31st March,2017: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with key management personnel: **(₹ in lakhs)**

Remuneration to key management personnel:	For the year ended	
	31-Mar-18	31-Mar-17
Short term employee benefits	102.85	106.85
Post employment benefits	5.50	4.99
Long-term employee benefits	5.18	4.74
Directors' sitting fees	6.12	7.87

41. Segment information

For management purposes, the company is organised into business units based on its products and has two reportable segments, as follows:

1. **Fertilizer products** comprising of Urea, Ammonium Sulphate, Di-ammonium Phosphate, Ammonium Phosphate Sulphate, NPK (12:32:16), (10:26:26), traded fertilizer products etc.
2. **Industrial products** comprising of Caprolactam, Nylon-6, Nylon Filament Yarn, Nylon Chips, Melamine, Methanol, Polymer products, traded industrial products etc.

   The Chief Operating Decision Maker ("CODM") evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by the two operating segments. The CODM reviews revenue and gross profit as the performance indicator for both operating segments.

(₹ in lakhs)

			31-Mar-18	31-Mar-17
A]	SEGMENT REVENUE:			
1	TOTAL SEGMENT REVENUE			
	a)	Fertilizer Products	4,51,922.92	3,68,641.99
	b)	Industrial Products	1,79,003.94	1,79,046.31
	TOTAL		6,30,926.86	5,47,688.30
2	INTER SEGMENT REVENUE		-	-
3	EXTERNAL REVENUE (1 - 2)			
	a)	Fertilizer Products	4,51,922.92	3,68,641.99
	b)	Industrial Products	1,79,003.94	1,79,046.31
	TOTAL		6,30,926.86	5,47,688.30
B]	RESULT:			
1	Segment result			
	a)	Fertilizer Products	30,334.85	28,568.56
	b)	Industrial Products	18,819.11	14,717.26
	TOTAL		49,153.96	43,285.82
2	a)	Unallocated income	8,886.41	4,327.92
	b)	Unallocated expenses	(3,826.11)	(3,633.09)
3	Operating Profit (B1 + B2)		54,214.26	43,980.65
4	Finance Cost		(5,135.23)	(6,492.56)
5	Provision for Taxation:			
	Current Income Tax		(8,207.73)	(5,734.98)
	Deferred Tax (net)		(4,973.58)	(1,384.19)
	MAT credit recognised		1,544.53	2,429.95
	Income Tax Previous Year written back		10,131.10	9,151.37
6	Net Profit		47,573.35	41,950.24
C]	OTHER INFORMATION:			
1	Segment assets			
	a)	Fertilizer Products	4,58,680.23	4,33,222.42
	b)	Industrial Products	2,11,726.47	1,57,474.61
	TOTAL		6,70,406.70	5,90,697.03
2	Unallocated corporate assets		3,53,593.78	3,12,153.51
3	Total Assets		10,24,000.48	9,02,850.54
4	Segment Liabilities			
	a)	Fertilizer Products	1,20,863.49	1,05,495.28
	b)	Industrial Products	81,204.47	43,049.97
	TOTAL		2,02,067.96	1,48,545.25
5	Unallocated corporate liabilities		95,737.77	96,789.46
6	Total Liabilities		2,97,805.73	2,45,334.71

(₹ in lakhs)

		31-Mar-18	31-Mar-17
7	**Capital Expenditure**	**2017-18**	**2016-17**
	a) Fertilizer Products	7,088.69	21,236.90
	b) Industrial Products	60,923.19	12,043.00
	c) Corporate Capital Expenditure	889.75	436.51
	TOTAL	**68,901.63**	**33,716.41**
8	**Depreciation and Amortisation**		
	a) Fertilizer Products	7,247.98	5,900.40
	b) Industrial Products	4,466.57	4,204.62
	c) Unallocated corporate	197.54	238.10
	TOTAL	**11,912.09**	**10,343.12**
9	**Non-Cash expenses**		
	a) Fertilizer Products	4,981.46	11,435.77
	b) Industrial Products	2,949.15	9,275.63
	c) Unallocated non-cash expenses	309.88	0.00
	TOTAL	**8,240.49**	**20,711.40**

42. Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The carrying value of financial instruments by categories as of 31 st March, 2018 is as follows. (₹ in lakhs)

Particulars	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial assets								
Non-current investments	-	2,68,650.08	5,396.01	2,74,046.09	2,29,907.02	-	38,743.06	2,68,650.08
Other Non-current financial asset	-	-	4,369.25	4,369.25	-	-	-	-
Trade receivables	-	-	96,707.83	96,707.83	-	-	-	-
Government subsidy receivable	-	-	1,74,189.00	1,74,189.00	-	-	-	-
Cash and cash equivalents	-	-	5,033.05	5,033.05	-	-	-	-
Other bank balances	-	-	1,181.85	1,181.85	-	-	-	-
Current loans	-	-	16,010.10	16,010.10	-	-	-	-
Derivative financial instruments	1,063.65	-	-	1,063.65	-	1,063.65	-	1,063.65
Other Current financial asset	-	-	757.59	757.59	-	-	-	-
	1,063.65	**2,68,650.08**	**3,03,644.68**	**5,73,358.41**	**2,29,907.02**	**1,063.65**	**38,743.06**	**2,69,713.73**
Financial liabilities								
Non current borrowings	-	-	20,000.00	20,000.00	-	-	-	-
Current borrowings1	-	-	84,090.00	84,090.00	-	-	-	-
Trade payables1	-	-	82,379.39	82,379.39	-	-	-	-
Other current financial liabilities	-	-	44,041.28	44,041.28	-	-	-	-
	-	**-**	**2,30,510.67**	**2,30,510.67**	**-**	**-**	**-**	**-**
The carrying value of financial instruments by categories as of 31 st March, 2017 is as follows.								(₹ in lakhs)
Financial assets								
Non-current investments	-	2,44,316.60	3,551.69	2,47,868.29	1,94,982.43	-	49,334.17	2,44,316.60
Other Non-current financial asset	-	-	4,230.73	4,230.73	-	-	-	-
Trade receivables	-	-	79,987.75	79,987.75	-	-	-	-
Government subsidy receivable	-	-	1,92,593.00	1,92,593.00	-	-	-	-
Cash and cash equivalents	-	-	4,357.87	4,357.87	-	-	-	-
Other bank balances	-	-	1,009.01	1,009.01	-	-	-	-
Current loans	-	-	14,904.84	14,904.84	-	-	-	-
Derivative financial instruments	1,559.30	-	-	1,559.30	-	1,559.30	-	1,559.30
Other Current financial asset	-	-	852.39	852.39	-	-	-	-
	1,559.30	**2,44,316.60**	**3,01,487.28**	**5,47,363.18**	**1,94,982.43**	**1,559.30**	**49,334.17**	**2,45,875.90**
Financial liabilities								
Non current borrowings	-	-	5,187.09	5,187.09	-	-	-	-
Current borrowings1	-	-	70,149.76	70,149.76	-	-	-	-
Trade payables1	-	-	59,992.55	59,992.55	-	-	-	-
Other current financial liabilities	-	-	29,525.04	29,525.04	-	-	-	-
Derivative financial instruments	293.60	-	-	293.60	-	293.60	-	293.60
	293.60	**-**	**1,64,854.44**	**1,65,148.04**	**-**	**293.60**	**-**	**293.60**

1 - carrying value approximates to the fair value

B. Measurement of fair values & Sensitivity Analysis

i) Valuation techniques and significant unobservable inputs

Some of the Company’s financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial instruments measured at fair value **(₹ in lakhs)**

Financial assets / financial liabilities	Fair Value (Rs. In Lakhs) as at		Fair Value hierarchy	Valuation technique(s) and key input(s)
	31-03-2018	31-03-2017		
1) Investments in equity instruments at FVTOCI (quoted) (see note 7)	Listed equity securities in various companies engaged in fertilizer, chemicals, finance, gas, power and mining industry aggregate fair value of Rs. 229907.02	Listed equity securities in various companies engaged in fertilizer, chemicals, finance, gas, power and mining industry aggregate fair value of Rs. 194,982.42	Level 1	Quoted bid prices in an active market

(₹ in lakhs)

Particulars	Valuation technique(s) & key input(s)	Fair Value (Rs. In Lakhs) as at		Fair Value hierarchy	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
		31-03-2018	31-03-2017			
2) Investments in equity instruments at FVTOCI (unquoted) (see note 7)	Market Approach- Comparable companies-In this approach, the value of shares / business of a company is determined based on market multiples of publicly traded comparable companies. The appropriate multiple is generally based on performance of listed companies with similiar business model and size (Refer note 1 below).	Investment in companies engaged in business of storage facilities - aggregate fair value of Rs. 18640.00	Investment in companies engaged in business of storage facilities - aggregate fair value of Rs. 19,866.32	Level 3	Market Multiple Discount ranging from 15% to 20% (As at 31.3.17 from 17.5% to 22.5%)	Increasing/Decreasing the Market Multiples by probability weighted range, would change the FV by +INR 2,256.42 lakhs & -INR 2,133.79 lakhs (As at 31.3.17 +INR 1,238.56 lakhs & -INR 1,115.93)
		Investment in companies engaged in fertilizer industry- aggregate fair value of Rs. 15191.10	Investment in companies engaged in fertilizer industry- aggregate fair value of Rs. 12,273.75		Discount to Fair Value ranging from 10% to 20% (As at 31.3.17 from 15% to 25%)	Increasing/Decreasing the Discounting Factor by probability weighted range, would change the FV by +INR 3,223.24 lakhs & -INR 2,964.38 lakhs (As at 31.3.17 +INR 770.63 lakhs & -INR 764.10 lakhs)
	Income Approach- In this approach, discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee.	Investment in company engaged in fertilizer industry - aggregate fair value of Rs. NIL	Investment in company engaged in fertilizer industry - aggregate fair value of Rs. 4,719.00	Level 3	Growth Rate ranging NIL (As at 31.3.17 from 1% to 3%)	Increasing/Decreasing the Growth Rate & Discounting Factor by probability weighted range, would change the FV by NIL. (As at 31.3.17 +INR 1,109.61 lakhs & -INR 1,052.72 lakhs)
					Discounting Factor ranging NIL (As at 31.3.17 from 13.98% to 15.98%)	
	(Refer note below).	Investment in company engaged in the business of gas marketing - agreegate fair value of Rs.1886.96	Investment in company engaged in the business of gas marketing - agreegate fair value of Rs.8,020.55	Level 3		
	Note : Discounted Free Cash flow method has been used to arrive at the enterprise value of the gas marketing business of the investee. Under this technique, the projected free cash flows from gas marketing business of the company are discounted at the weighted average cost of capital to the providers of capital to the business of the company and the sum of the present value of such free cash flows would represent the value of business. The investee has various investments in subsidaries and joint venture companies. Each of these subsidiary and joint venture companies have been separately valued using market price method. DCF method, CCM method and book value (NAV) method and applied the investee's stake percentage to arrive at the fair value of investee's investment in these subsidiaries / joint venture companies. Under the market price method, the valuation is derived from the quoted market price of the share of the company as at the valuation date. Under the NAV method, the valuation is derived by calculating the net assets value of the investee as at the valuation date.					
	Cost Approach- Net Asset Value - In this approach, total value is based on the sum of net asset value as recorded on the balance sheet.A net asset methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business. (Refer note 1 and 2 below).	Investment in companies engaged in power and finance industry - aggregate fair value of Rs. 3025.00	Investment in companies engaged in power and finance industry - aggregate fair value of Rs. 4,454.54	Level 3	Discount to Book Value ranging from 15% to 25% (As at 31.3.17 from 15% to 30%)	Increasing/Decreasing the Discounting Factor by probability weighted range, would change the FV by +INR 194.41 lakhs & -INR 193.82 lakhs. (As at 31.3.17 +INR 535.65 lakhs & -INR 500.08 lakhs)

Note 1: The Company has invested in the equity instruments of various companies. However, the percentage of shareholding of the Company in such investee companies is very low and hence, it has not been provided with future projections including projected profit and loss account by those investee companies. Hence, the independent valuer appointed by the Company has estimated fair value based on available historical Annual Reports of such companies and other information as available in the public domain. Since the future projections are not available, discounted cashflow approach for fair value determination has not been followed.

Note 2: In case of some companies, there are no comparable companies valuations available and some are recent start up companies. In light of no information available for future projections, capacity utilisation, commencement of operations, etc., the valuation is based on cost approach.

ii) Transfers between Levels 1 and 2

There have been no transfers between Level 1 and Level 2 during 2017-18 and 2016-17

iii) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

(₹ in lakhs)

Paticulars	Equity securities
Opening Balance (1 April 2017)	49,334.17
Net change in fair value (unrealised)	(10,591.11)
Purchases	-
Closing Balance (31 March 2018)	**38,743.06**

Transfer out of Level 3

There were no movement in level 3 in either directions during the year 2017-18 and 2016-17.

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

i. Risk

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company manages market risk through a Financial risk management committee, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Audit cum finance committee and Board of Directors. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit cum finance committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Revenue department has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the Board of Directors.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Company may have a secured claim. The Company does not otherwise require collateral in respect of trade and other receivables.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The provision matrix of ECL at the end of the reporting period is as follows.

Particulars	Expected credit loss %
Within the credit period	0.05%
1-90 days past due	0.57%
91-180 days past due	2.28%
181-270 days past due	8.03%
270-360 days past due	19.77%
360-450 days past due	38.61%
450-540 days past due	57.19%
540-630 days past due	73.15%
630-720 days past due	100.00%
More than 720 days past due	100.00%

Impairment

The ageing of trade and other receivables that were not impaired was as follows.

(₹ in lakhs)

Particulars	Carrying amount	
	March 31, 2018	March 31, 2017
Neither past due nor impaired	1,27,496.80	83,246.46
Past due 1–30 days	5,067.60	6,921.17
Past due 31–90 days	26,360.59	18,118.84
Past due 91 days and above	1,11,971.84	1,64,294.28
	2,70,896.83	2,72,580.75

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

Movement in expected credit loss allowance (₹ in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Balance at the beginning of the year	11350.74	7,710.08
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses Past due 31–90 days	(3,358.34)	3,640.66
	7,992.40	11,350.74

During the year 2017-18 and 2016-17, an impairment provision of INR (3,358.34) Lakhs and INR 3,640.66 Lakhs was created respectively.

Cash and cash equivalents

The Company held cash and cash equivalents of INR 5033.05 Lakhs at March 31, 2018, (INR 4,357.87 Lakhs at March 31, 2017). The cash and cash equivalents are held with approved scheduled banks.

Derivatives

The derivatives deals are done with AD category banks in OTC market and registered brokers in ETCD market.

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Financing facilities:

(₹ in lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
a) Unsecured cash credit, reviewed annually		
- amount used	18,252.69	14,349.45
- amount unused	28,247.31	32,150.55
b) Unsecured bill acceptance facility, reviewed annually		
- amount used	51,298.95	33,796.62
- amount unused	-	-
c) Unsecured commercial pappers, reviewed annually		
- amount used	-	20,000.00
- amount unused	50,000.00	30,000.00
d) Unsecured working capital demand loan, reviewed annually		
- amount used	5,000.00	-
- amount unused	10,000.00	-
e) Unsecured bank overdraft facility, reviewed annually		
- amount used	9,538.36	2,003.69
- amount unused	4,961.64	12,996.31

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in lakhs)

March 31, 2018	Contractual cash flows					
	Carrying amount	Total	0-12 months	1-2 years	2-5 years	More than 5 years
INR						
Non-derivative financial liabilities						
Foreign currency term loans from banks	25,203.53	25,203.53	5,203.53	5,333.33	14,666.67	
Working capital loans from banks	84,090.00	84,090.00	84,090.00			
Trade payables	82,379.39	82,379.39	82,379.39			
Other current financial liabilities	38,837.75	38,837.75	38,837.75			
Derivative financial liabilities						
Derivative contracts used for hedging						
- Outflow	-	-	-			

March 31, 2017	Contractual cash flows					
	Carrying amount	Total	0-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Foreign currency term loans from banks	10,374.17	10,374.17	5,187.08	5,187.09	-	-
Working capital loans from banks	70,149.76	70,149.76	70,149.76	-	-	-
Trade payables	59,992.55	59,992.55	59,992.55	-	-	-
Other current financial liabilities	24,337.96	24,337.96	24,337.96	-	-	-
Derivative financial liabilities						
Derivative contracts						
- Outflow	293.60	293.60	293.60			

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments.Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of company's investments. Thus, company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to control the financial risks associated with the Foreign Exchange/Currency rate movements through a sophisticated Foreign Exchange Risk Management System.

Currency risk

The Company is exposed to currency risk on account of its import payables and borrowings in foreign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts, Options and futures to hedge its currency risk, most with a maturity of less than one year from the reporting date.

The company is using derivative instruments which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at March 31, 2018 and March 31, 2017 are as below:

(₹ in lakhs)

Particulars	March 31, 2018 INR	March 31, 2018 USD	March 31, 2018 TND[1]	March 31, 2018 CAD[1]	March 31, 2018 Others[1]
Financial assets					
Cash and cash equivalents	5,033.05				
Other bank balances	1,181.85				
Non-current investments	2,70,919.40	-		3,126.69	
Long-term loans and advances	-				
Current loans and advances	16,010.10				
Trade and other receivables	2,69,440.82	1,456.01			
Derivative assets	-	1,063.65			
Other Non-Current financial assets	4,369.25				
Other Current financial assets	757.59				
	5,67,712.06	**2,519.66**	**-**	**3,126.70**	**-**
Financial liabilities					
Long term borrowings	20,000.00	-			
Short term borrowings	32,791.05	51,299.00			
Trade and other payables	43,363.74	38,216.62		8.94	790.09
Other Current financial liabilities	38,837.75	5,203.53			
	1,34,992.54	**94,719.10**	**-**	**8.94**	**790.09**

(₹ in lakhs)

Particulars	March 31, 2017 INR	March 31, 2017 USD[1]	March 31, 2017 TND[1]	March 31, 2017 CAD[1]	March 31, 2017 Others[1]
Financial assets					
Cash and cash equivalents	4,357.87				
Other bank balances	1,009.01				
Non-current investments	2,40,022.59		4,719.01	3,126.69	
Non current loans and advances	-				
Current loans and advances	14,904.84				
Trade and other receivables	2,72,383.87	196.88			
Derivative assets	-	1,559.30			
Other non current financial assets	4,230.73				
Other Current financial assets	852.39				
	5,37,761.30	**1,756.18**	**4,719.01**	**3,126.69**	**-**
Financial liabilities					
Long term borrowings	-	5,187.09			
Short term borrowings	18,850.81				
Trade payables	49,550.20	10,427.25			15.10
Derivative liabilities	-	293.60			
Other Current financial liabilities	24,337.96	5,187.08			
	92,738.97	**21,095.02**	**-**	**-**	**15.10**

1 - The figures are in INR Equivalent of respective currency

The following significant exchange rates have been applied during the year.

INR	Year-end spot rate	
	March 31, 2018	March 31, 2017
USD 1	65.04	64.84
TND 1	27.20	29.55
CAD 1	50.52	50.21

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. **(₹ in lakhs)**

	31-Mar-18		31-Mar-17	
Effect in INR	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
10% movement				
USD	(627.59)	(2,367.56)	829.95	(1,899.35)
TND	-	-	471.90	(471.90)
CAD	312.67	(312.67)	312.67	(312.67)

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. Company has long term borrowings at variable rate of interest However, the same is hedged through interest rate swaps. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

(₹ in lakhs)

Particulars	**Nominal amount in INR**	
	March 31, 2018	**March 31, 2017**
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	20,000.00	5,187.09
Total	20,000.00	5,187.09

Capital Management

The Company manages its capital to ensure that it will be able to continue as a Going Concern while maximising the return to stakeholders through optimisation of the Debt and Equity Balance.

The Company is subject to externally imposed capital requirements as part of its debt covenants such as maintaining an interest coverage ratio of 4 times, a Debt Service Coverage ratio of 1.75 times, Net external debt to EBDITA ratio of 2.75 times, Total leverage ratio of 1.5 times and an external gearing ratio of 1 time.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital by computing the above ratios on an annual basis and ensuring that the same is in Compliance with the requirements of the Financial Covenants.

The interest coverage ratio at the end of the reporting period was as follows:

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
EBIT	53,206.63	43,158.88
Gross finance charges	4,127.61	5,670.79
Interest coverage ratio	12.89	7.61
EBITDA	65,118.72	53,502.00
Debt service	8,506.75	13,810.80
Debt service coverage ratio	7.65	3.87
Net external borrowings	11,613.99	10,106.47
EBITDA	65,118.72	53,502.00
Net external debt / EBITDA	0.18	0.19
Total debt	2,52,913.19	1,92,709.49
Tangible net worth	5,27,476.37	4,90,382.40
Total leverage	0.48	0.39
External debt	1,28,667.82	1,02,815.94
Tangible net worth	5,27,476.37	4,90,382.40
External gearing	0.24	0.21

43. Research & Development Expenses

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital*	88.08	9.09
Recurring**	868.87	1158.71
Total	**956.95**	**1,167.80**
*Capital Expenses included in PPE Note No. 5	88.08	9.09
**Recurring Expenses included in		
Note No. 34 Employee Benefit expenses	851.11	1,133.72
Note No. 36 Other expenses	17.76	24.99

44. Corporate Social Responsibility

The aggregate amount of expenditure incurred during the year on Corporate Social Responsibility is ₹ 1543.78 lacs for the financial year 2017-18 (Previous year 2016-17 :₹ 1099.94 Lacs).

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Prescribed CSR expenditure @ 2%	996.34	1,099.74
Actual expenditure	1,543.78	1,099.94

45. Details on derivative instruments and unhedged foreign currency exposure

(I) (a) Forward exchange contracts and options (being derivative instruments), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

(i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2018

Currency	Amount (in Mn)	Buy / Sell	Cross currency
USD	25.60	Buy	Rupees
USD	(3.00)	Buy	Rupees

Note: Figures in brackets relate to the previous year

(ii) Outstanding option contracts entered into by the Company as on 31 March, 2017

Currency	Amount (in Mn)	Buy / Sell	Cross currency
USD	40.94	Buy	Rupees
USD	(29.72)	Buy	Rupees
USD	40.94	Sell	Rupees
USD	(29.72)	Sell	Rupees

Note: Figures in brackets relate to the previous year

(b) Interest rate swaps to hedge against fluctuations in interest rate changes: No. of contracts:1, Amount: USD 8.00 Mn Principal (As at 31 March, 2017: No. of contracts:1, Amount: USD 16.00 Mn Principal)

(c) Currency Futures (other than forward exchange contracts stated above) which are not intended for trading or speculative purposes but for hedge purposes to hedge against fluctuations in changes in exchange rate.

Currency	Amount (in Mn)	Buy / Sell	Cross currency
USD	68.95	Buy	Rupees
USD	(54.21)	Buy	Rupees

Note: Figures in brackets relate to the previous year

(II) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise, represented in equivalent USD: USD 12.11 Mn (As at March 31, 2017: USD 0.73 Mn)

46. Leases

(i) The Company has taken various warehouses, godowns, guesthouses and office premises under operating lease or rental agreements. These are generally cancellable having a term of one year extendable for further one year on the discretion of the Company and are of rental nature. Payments are recognised in the statement of profit and loss under Note 34 - Other expenses.

(ii) Rent income includes lease rentals received towards office premises and land leased out for gas station. Such operating lease is generally for a period of three to four years. There are no restrictions imposed by lease arrangements.

47. Disclosure as per regulation 34(3) and 53(f) of Securities and Exchange Board of India (listing obligations and disclosures requirements) regulations, 2015:

Loans & Advances in the nature of loans to subsidiaries is ₹ Nil (PY: ₹ Nil)

48. Events occurring after the reporting period

(a) Announcement of Plan for Discontinue of Operation at Fibre Unit.

Management is considering shutting down of its Fibre unit situated at Kosamba, Dist. Surat and has made public announcement for the same on April 20, 2018. Closure of loss making unit will help Company in improving bottomline.

This shutting down however is subject to the approval of Board of Directors, which shall be sought in due course of time. Management is evaluating the option of shifting whole of the operations to other units or to dispose off the same.

As informed by the management its value in use is higher in case operations are shifted to other unit and also its Net Realizable value is higher compare to its carrying value as on March 31, 2018.

As it being an Non Adjusting event, no adjustment has been carried out for the above mentioned event in the financial statement.

(b) Escalation of Urea Concession Rates.

Ministry of Chemical & Fertilizers vide its letter date April 26, 2018 has revised provisional concession Rates & Sales Tax for Urea on account of escalation for the period April 01, 2016 to December 31, 2017. Hence Revenue from Operations for the quarter under audit has been increased by ₹ 76.07 Crores (₹ 12.76 Crores related to FY 2016 – 17, ₹ 39.24 Crores related to the period April'17 to December'17) & ₹ 24.07 Crores related to Q4 17-18.

As it being a Adjusting event, adjustment has been carried out for the above mentioned event in the financial statement. Concession Rates & Sales Tax for Urea on account of escalation for the period April 01, 2016 to December 31, 2017.

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
16th May, 2018

D. C. Anjaria
Director

Geeta Goradia
Director

Gandhinagar
16th May, 2018

A M Tiwari
Managing Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

Independent Auditors' Report

To,
The Members Of GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of "**GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED**" (hereinafter referred to as "the Parent") and its subsidiary companies (the Parent and its subsidiaries together referred as "the Group"), and its associates, comprising the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated 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 Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (hereinafter referred to as "the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereafter.

The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 Parent company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 of comparative 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 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 Parent'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 Parent'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 other auditor in terms of their report referred to in sub-paragraph (a) of the Other Matters paragraph 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, and based on the consideration of report of other auditor on separate financial statements of the subsidiary referred to below in sub paragraph (a) of the Other Matters paragraph, 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, of the consolidated state of affairs of the Group and its associates as at March 31, 2018 and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 12 of the consolidated financial statements which describes the Parent's past subsidy claims matter and the eligibility of claims for the period from March 18, 2013 to March 5, 2017 amounting to ₹ 662.95 Crores pending for examination by Department of Fertilizer (DOF). DOF is in process of validating the same and eligibility \ claim will be finalized in consultation with the Department of Expenditure. The parent is reasonably certain that its subsidy claims for the aforesaid period, which are in line with the claims recently agreed for the period from April 1, 2010 to March 17, 2013 will be agreed by the Department of Fertilizers.

Our opinion is not modified in respect of the above matter

Other Matters

(a) We did not audit, the financial results / statements and other financial information, in respect of 1 subsidiary, whose financial information reflects total assets of ₹ 85.64 Crores as at 31 March, 2018, total revenue of ₹ 324.77 Crores, total net profit after tax of ₹ 7.98 Crores and total Comprehensive loss of ₹ Nil for the year ended 31 March, 2018, as considered in the consolidated financial results. These financial results / statements and other financial information have 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 relates to the affairs of this subsidiary is based solely on the report of other auditor. Our opinion is not modified in respect of this matter.

(b) The consolidated financial results includes financial results / statements and other financial information, in respect of 1 subsidiary, whose financial information reflects total assets of ₹ 2.53 Crores as at 31 March, 2018, total revenue of ₹ Nil, total net loss after tax of ₹ 0.12 Crores and total Comprehensive loss of ₹ Nil for the year ended 31 March, 2018 respectively and the consolidated financial results / statements of 3 associates which reflects Group's share of net loss after tax of ₹ 0.08 Crores and total comprehensive loss of ₹ Nil for the year ended 31 March, 2018, whose financial statements / financial information have not been audited by us. These financial statements / financial information 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 relates to the amounts and disclosures included in respect of these associates, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financial statements of the subsidiary and the other financial information of associate companies incorporated in India, referred in the Other Matters paragraph above 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 the report of the other auditor.

    (c) The Consolidated Balance Sheet, the Consolidated statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and 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 Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated 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 of the Parent company as on March 31, 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditor of its subsidiary company incorporated in India, none of the directors of these entities 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 and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditor's report of the Parent Company and Subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's / subsidiary company's internal financial controls over financial reporting.

(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, as amended, 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 Group and its associates as referred to in Note 39 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 standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary company incorporated in India.

For T R Chadha & Co LLP
Chartered Accountants
Firm Regn. No: 006711N / N500028

Place: Gandhinagar
Date : 16/05/2018

Brijesh Thakkar
Partner
Membership No. 135556

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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 Statements of the Parent Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of **GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED** (hereinafter referred to as "the Parent Company") and its subsidiary Company which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its Subsidiary company which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by these entities, 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial control over financial reporting of the Parent and its subsidiary company, which are incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us and the other auditor of the subsidiary company incorporated in India, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial control system over financial reporting of the Parent and its subsidiary company incorporated in India.

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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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, to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditor, as referred to in the Other Matters paragraph below, the Parent and its subsidiary Company 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 respective companies, 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 reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to consolidated / standalone financial statements of subsidiary company which is incorporated in India, is based solely on the corresponding reports of the auditor of such company.

Our opinion is not modified in respect of the above matter.

For T R Chadha & Co LLP
Chartered Accountants
Firm Regn. No: 006711N / N500028

Place: Gandhinagar
Date : 16/05/2018

Brijesh Thakkar
Partner
Membership No. 135556

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in lakhs)

Particulars	Note	As at 31st March 2018	As at 31st March 2017
A. ASSETS			
1. Non-current assets			
(a) Property, Plant and Equipments	5	2,10,401.64	2,01,509.17
(b) Capital work-in-progress	5	76,308.19	27,301.52
(c) Other Intangible assets	6	394.50	689.05
(d) Financial Assets			
(i) Investments	7	2,78,951.01	2,52,961.24
(ii) Others financial assets	8	4,372.75	4,230.96
(e) Income tax assets (Net)	23	13,672.33	8,663.25
(f) Other non current assets	9	32,568.06	38,457.06
		6,16,668.48	**5,33,812.25**
2. Current assets			
(a) Inventories	10	87,308.49	70,457.91
(b) Financial Assets			
(i) Trade receivable	11	93,500.77	79,987.75
(ii) Government subsidies receivable	12	1,71,878.77	1,92,593.00
(iii) Cash and cash equivalents	13	5,534.47	4,824.89
(iv) Bank balances other than (iii) above	14	1,445.60	1,029.01
(v) Loans	15	16,104.97	14,906.07
(vi) Others financial assets	16	1,821.24	2,411.69
(c) Other current assets	17	36,490.01	8,723.07
		4,14,084.32	**3,74,933.39**
3. Assets held for sale	18	**703.98**	**308.45**
TOTAL ASSETS		**10,31,456.78**	**9,09,054.09**

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in lakhs)

Particulars	Note	As at 31st March 2018	As at 31st March 2017
B. EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	19	7,969.55	7,969.55
(b) Other Equity	20	7,22,371.18	6,53,924.95
(c) Non Controlling Interest		123.91	-
		7,30,464.64	**6,61,894.50**
LIABILITIES			
1. Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	21	20,000.00	5,187.09
(b) Provisions	22	46,854.69	49,437.62
(c) Deferred tax liabilities (Net)	23	6,367.28	8,877.30
		73,221.97	**63,502.01**
2. Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	24	84,090.00	70,149.76
(ii) Trade payables	25	83,116.30	60,420.43
(iii) Other financial Liabilities	26	45,084.16	29,984.67
(b) Other current liabilities	27	3,113.64	5,274.00
(c) Provisions	28	9,892.44	9,248.45
(d) Current tax liabilities (Net)	23	2,473.63	8,580.26
		2,27,770.17	**1,83,657.58**
TOTAL EQUITY & LIABILITIES		**10,31,456.78**	**9,09,054.09**
See accompanying notes forming part of the consolidated financial statements	1 to 50		

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
16th May, 2018

D. C. Anjaria
Director

Geeta Goradia
Director

Gandhinagar
16th May, 2018

A M Tiwari
Managing Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in lakhs)

Particulars	Note	Year Ended 31st March	
		2018	2017
I Income			
Revenue from operations	29	6,30,457.36	5,47,688.30
Other income	30	9,895.31	5,630.24
Total income		**6,40,352.67**	**5,53,318.54**
II Expenses			
Cost of materials consumed	31	3,23,346.00	2,72,612.39
Purchase of stock in trade	32	84,069.94	47,285.99
Changes in inventories of finished goods, work in process and stock in trade	33	(10839.34)	(5966.85)
Power and Fuel		52,226.29	44,303.47
Excise duty		3,870.46	21,234.86
Employee benefits expense	34	51,311.92	51,142.69
Finance costs	35	5,135.23	6,492.56
Depreciation and amortization expense		11,944.83	10,362.10
Other expenses	36	69,987.16	68,170.32
Total Expenses		**5,91,052.49**	**5,15,637.53**
III Profit before share of profit/(loss) of Associates		**49,300.18**	**37,681.01**
IV Share of profit of Associates		(8.03)	515.73
V Profit before tax		**49,292.15**	**38,196.74**
VI Tax expense			
Current tax		8,528.33	5,776.25
Deferred tax	23	5068.78	1555.41
MAT credit recognised		(1544.53)	(2429.95)
Earlier Year Tax		(10131.10)	(9151.37)
VII Profit for the year		**47,370.67**	**42,446.40**
VIII Other Comprehensive Income			
(A) Items that will be reclassified to profit or loss			
(B) Items that will not be reclassified to profit or loss			
Re-measurement gains/ (losses) on defined benefit plans		(325.06)	(8,459.74)
Income tax effect on above		113.58	2,927.74
Net fair value (loss) / gain on investments in equity instruments at FVTOCI		24,269.60	77,554.68
Income tax effect on above		7,598.63	3,501.67
Net other comprehensive income that will not be reclassified to profit or loss		**31,656.75**	**75,524.35**
IX Total Comprehensive Income for the year (VII+VIII)		**79,027.42**	**1,17,970.75**
Net Profit attributable to :			
(a) Owners of the company		47,376.75	42,446.40
(b) Non Controlling Interest		(6.09)	-
Other Comprehensive Income attributable to :			
(a) Owners of the company		31,656.75	75,524.35
(b) Non Controlling Interest		-	-
Total Comprehensive Income attributable to :			
(a) Owners of the company		79,033.50	1,17,970.75
(b) Non Controlling Interest		(6.09)	-
Earnings per equity share (face value of ₹ 2/- each)			
Basic and Diluted Earnings per equity share:	37	**11.89**	**10.65**
Nominal value per share ₹		**2.00**	**2.00**
See accompanying notes forming part of the consolidated financial statements	1 to 50		

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
16th May, 2018

D. C. Anjaria
Director

Geeta Goradia
Director

A M Tiwari
Managing Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

Gandhinagar
16th May, 2018

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2018

(₹ in lakhs)

Particulars	As at 31st March	
	2018	2017
A Cash Flow From Operating Activities :		
Profit Before Tax	49,292.15	38196.74
Adjustments for :		
Depreciation and amortisation expense	11,944.83	10362.10
Amortisation of operating lease hold land	355.98	367.39
Share of profit of Associates	8.03	-515.73
Finance cost	5,135.23	6492.56
Interest received	(310.30)	(165.33)
Guarantee Comission Income	(63.88)	
Loss on fixed assets sold/written off	39.39	3.51
Profit on sale of fixed assets	(0.08)	(0.09)
Dividend income	(2,791.83)	(1,738.59)
Provision for doubtful debts/advances	432.86	3640.66
Operating Profit before Working Capital Changes	**64,042.38**	**56,643.22**
Movements in working capital:		
Inventories	(16,850.59)	(11847.45)
Trade receivables, loans and advances and other assets	(27,857.85)	48836.47
Trade payables, other current liabilities and provision	24,394.10	4122.06
Cash Generated from Operations	**43,728.03**	**97,754.29**
Direct taxes paid (net of refunds)	(7,976.98)	(6628.89)
Net Cash Flow from Operating Activities	**35,751.05**	**91125.40**
B Cash Flow From Investing Activities :		
Purchase of property, plant & equipments (including CWIP & capital advances)	(49,893.80)	(24910.88)
Proceeds from sale of property, plant & equipments	28.19	0.32
Purchase of non current investments	(1,664.32)	(816.00)
Sale of investments	-	0.00
Deposits with companies	-	0.00
Addition to Asset Held for Sale (Net)	(18.23)	0.00
Interest received	309.12	166.89
Dividend received	2,791.83	1,738.59
Net Cash Flow used in Investing Activities	**(48,447.21)**	**(23,821.08)**
C Cash Flow From Financing Activities		
Repayment of long term borrowings	(5,170.64)	(9967.92)
Proceeds from long term borrowings	20,000.00	-
Proceeds from Allotment of Equity Shares	130.00	-
Net increase/(decrease) in short term borrowings	13,940.24	(38272.43)
Interest paid	(4,957.65)	(6875.58)
Dividend paid (including tax thereon)	(10,536.22)	(10503.44)
Net Cash Flow from/ (used in) Financing Activities	**13,405.73**	**(65619.37)**
Net Increase/ (Decrease) in Cash & Cash Equivalents	**709.58**	**1684.95**
Cash and Cash Equivalents as at the beginning of the year	**4,824.89**	**3,139.94**
Cash and Cash Equivalents as at end of the year (Refer Note-13)	**5,534.47**	**4,824.89**
Notes:		
Componants of Cash and cash equivalents		
Cash on hand	**11.39**	**1.52**
Balances with banks		
In current accounts	**5,523.08**	**4,823.37**
Total Cash and cash equivalents	**5,534.47**	**4,824.89**

The Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on Cash Flows Statement.
See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
16th May, 2018

D. C. Anjaria
Director

Geeta Goradia
Director

Gandhinagar
16th May, 2018

A M Tiwari
Managing Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCIE)

(a) Equity share capital **(₹ in lakhs)**

Particulars	As at 31-Mar-18	As at 31-Mar-17
Balance as at April 01, 2016	7,969.55	7,969.55
Changes in equity share capital during the year	-	-
Balance as at March 31, 2017	7,969.55	7,969.55
Balance as at April 01, 2017	7,969.55	7,969.55
Changes in equity share capital during the year	-	-
Balance as at March 31, 2018	7,969.55	7,969.55

(b) Other equity **(₹ in lakhs)**

Particulars	Reserves & Surplus					Items of OCI	
	Capital reserve	Equity security premium	Capital redemption reserve	General reserve	Retained earnings	Equity Instruments through OCI	Total Equity
Balance as at April 01, 2016	**1,256.33**	**30,524.02**	**3,335.00**	**3,98,153.31**	**32,411.19**	**80,825.51**	**5,46,505.36**
Profit for the year	-	-	-	-	42,446.40	-	42,446.40
Other comprehensive income for the year net of income tax	-	-	-	-	-	81,056.35	81,056.35
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	-	-	-	-	(5,532.00)	-	(5,532.00)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**36,914.40**	**81,056.35**	**1,17,970.75**
Dividends paid [Note 20]	-	-	-	-	(8,766.51)	-	(8,766.51)
Dividend Distribution Tax (DDT) [Note 20]	-	-	-	-	(1,784.65)	-	(1,784.65)
Transfer to General reserve	-	-	-	30,000.00	(30,000.00)	-	-
Balance as at March 31, 2017	**1,256.33**	**30,524.02**	**3,335.00**	**4,28,153.31**	**28,774.44**	**1,61,881.86**	**6,53,924.96**
Balance as at April 01, 2017	**1,256.33**	**30,524.02**	**3,335.00**	**4,28,153.31**	**28,774.44**	**1,61,881.86**	**6,53,924.96**
Profit for the year	-	-	-	-	47,376.75	-	47,376.75
Other comprehensive income for the year net of income tax	-	-	-	-	-	31,868.23	31,868.23
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	-	-	-	-	(211.48)	-	(211.48)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**47,165.27**	**31,868.23**	**79,033.50**
Dividends paid [Note 20]	-	-	-	-	(8,796.51)	-	(8,796.51)
Dividend Distribution Tax (DDT) [Note 20]	-	-	-	-	(1,790.76)	-	(1,790.76)
Transfer to General reserve	-	-	-	18,000.00	(18,000.00)	-	-
Balance as at March 31, 2018	**1,256.33**	**30,524.02**	**3,335.00**	**4,46,153.31**	**47,352.44**	**1,93,750.09**	**7,22,371.18**

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
16th May, 2018

D. C. Anjaria
Director

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Managing Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

Gandhinagar
16th May, 2018

1. Company Overview

Gujarat State Fertilizers and Chemicals Limited "the Company" is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is principally engaged in production of fertilizers and chemicals. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at Fertilizernagar - 391 750, Dist. Vadodara.

These consolidated financial statements were authorised for issuance by the Board of Directors of the Company in their meeting held on May 16, 2018.

2. Basis of preparation of Consolidated Financial Statements

2.1 Basis of preparation and compliance with Ind AS

The Consolidated financial statements of the Group as at and for the year ended March 31, 2018 have been prepared in accordance with Indian Accounting standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ('Act') and the Companies (Indian Accounting Standards) Rules issued from time to time and relevant provisions of the Companies Act, 2013 (collectively called as Ind AS).

Effective April 1, 2016 the Group has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The consolidated financial statements are prepared in accordance with the principles and procedures laid down under the Accounting Standard notified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The consolidated financial statements comprise the financial statements of the company and its subsidiaries as disclosed in Note no.49 combined on a line-by-line basis by adding together book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and resulting unrealised gain / loss. The consolidated financial statements are prepared by applying uniform accounting policies in use at the Group.

Investments in associates are accounted for using equity method. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the acquisition date. The group's investment in associates includes Goodwill and capital reserves identified on acquisition.

The financial statement of the subsidiaries and associates used in the consolidation are drawn up to the same reporting date as that of the Parent. However, unaudited financial statements of subsidiaries & associates are used in the consolidation since audited financial statements as on reporting date are not available.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and appropriate adjustments, if any, are made to the financial statements of subsidiaries when they are used in preparing the consolidated financial statements that are presented in the same manner as the Company's separate financial statements.

2.2 Basis of measurement

The consolidated financial statements have been prepared on a going concern basis, using historical cost convention and on an accrual method of accounting, except for the following assets and liabilities which have been measured at fair value, as required by relevant Ind AS.

1. Derivative financial instruments
2. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
3. Defined benefit plans

2.3 Functional and presentation currency

The consolidated financial statements are prepared in Indian Rupees, which is the Group's functional and presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest lakhs with two decimals.

2.4 Current and non-current classification

The Group presents assets and liabilities in the Balance Sheet based on current / non-current classification.

An asset is classified as current if it satisfies any of the following criteria:

a) It is expected to be realised or intended to sold or consumed in the Group's normal operating cycle,

b) It is held primarily for the purpose of trading,

c) It is expected to be realised within twelve months after the reporting period, or

d) It is a cash or cash equivalent unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current if it satisfies any of the following criteria:

a) it is expected to be settled in the Group's normal operating cycle,

b) it is held primarily for the purpose of trading,

c) it is due to be settled within twelve months after the reporting period

d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Current liabilities include current portion of non-current financial liabilities.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. The Group has applied the following accounting policies to all periods presented in the consolidated financial statements.

3.1 - Revenue recognition

Sale of goods

Sale of fertilizer products is recognised net of returns and trade discounts, when the risk and rewards of ownership are transferred to the customers. Sales include amounts recovered towards excise duty and exclude sales tax/value added tax/GST. Revenue is also recognised on sale of goods in case where the delivery is kept pending at the instance of the customer, the risk and rewards are transferred and customer takes title and accepts billing as per usual payment terms.

Sales of industrial products are accounted on the dispatch basis except export sales, which are recognised on the basis of bill of lading. It includes excise duty and subsidy and excludes value added tax / sales tax / GST. Subsidy and equated freight on fertilizers are accounted on accrual basis.

The amounts receivable from various agencies are accounted for on accrual basis except interest on delayed payments, refunds from customs & excise authorities, insurance claims (other than marine claims), etc. where it is not possible to ascertain the income with reasonable accuracy or in absence of finality of the transaction.

Subsidy income

Subsidy is recognised on the basis of the rates notified from time to time by the Government of India on the quantity of fertilisers sold by the Group for the period for which notification has been issued.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR), which 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 amortised cost of a financial liability. Interest income is included in other income in the statement of profit and loss.

Dividends

Dividend income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

Rental Income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

3.2- Government grants

Government grants in the form of subsidy and equated freight on fertilizers are recognized when there is reasonable assurance that the Group will comply with the conditions relating to them and that the subsidy will be received.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss in the period in which they become receivable.

3.3 – Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the rates and tax laws enacted or substantively enacted, at the reporting date in India where the entity operates and generates taxable income.

Current tax items are recognised in correlation to the underlying transaction either in OCI 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.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Group recognizes tax credits in the nature of Minimum Alternate Tax (MAT) credit entitlement only to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward, sufficient to utilize the MAT credit entitlement. The carrying amount of tax credit is reviewed at each reporting date as stated above.

3.4 Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets are available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset ,
- An active programme to locate a buyer and complete the plan has been initiated ,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

3.5 - Property, plant and equipment and intangible assets

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. Assets under erection / installation of the existing projects and on-going projects are shown as "Capital Work in Progress".

Capital advances given for procurement of Property, plant and equipment are treated as other non-current assets.

In the absence of availability of specific original cost in respect of a part of assets capitalised under turn-key contracts, the original value of such asset written / disposed off is estimated on the basis of its current cost adjusted for price and technological factors.

Major cost of civil works required as plant and machinery supports, on the basis of technical estimates, is considered as Plant & Machinery.

Advances paid for the purchase / acquisitions of land in possession of the Group are included in the cost of land.

Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Cost of intangible assets comprises of purchase price and attributable expenditure on making the asset ready for its intended use. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Research and Development

Capital expenditure on Research & Development activities is included in Property, plant and equipment to the extent it has alternative economic use. Revenue expenditure pertaining to research activity is charged under respective account heads in the statement of Profit & Loss.

Depreciation methods, estimated useful lives and residual value

Depreciation on Property, plant and equipment is provided on Straight Line Method at the rates prescribed in Schedule II to the Company's Act, 2013. Depreciation on additions to Property, plant and equipment and assets disposed off / discarded is charged on pro-rata basis. Depreciation on commissioning of plants and other assets of new projects is charged for the days they are actually put to use.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Leasehold land, other than that on perpetual lease, is amortized over the life of the lease.

Intangible assets are amortized over their estimated economic lives but not exceeding ten years on a straight-line basis.

The useful lives of the property, plant and equipment are as follows:

Assets	Estimated Useful life
Freehold Land	—
Leasehold Land	20 years
Buildings	30-60 years
Bridge, culverts,bunders,etc.	30 years
Roads	5-10 years
Plant and machinery	15-25 years
Furniture and fittings	10 years
Motor Vehicles	5-10 years
Railway sidings	15 years
Office equipment	5 years
Computers and Data Processing units	3-6 years
Laboratory equipment	10 years
Electrical Installation and Equipment	10 years
Library books	15 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.6 - Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group 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. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. 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.

Recoverable amount is determined:

(i) In case of individual asset, at higher of the fair value less cost to sell and value in use; and

(ii) In case of cash-generating unit (a Group of assets that generates identified, independent cash flows), at the higher of the cash-generating unit's fair value less cost to sell and the value in use.

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. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.7 - Borrowing costs

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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.8 - 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 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.

Group 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 Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group 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 on a straight-line basis over the term of the relevant lease. 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 Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group'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.

3.9 - Inventories

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, process chemicals, stores and spares, packing materials, trading and other products are determined on weighted average basis.

3.10 - Employee benefits

Defined benefit plans:

(i) Short-term employee benefits

Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

(ii) Post Employment benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Parent has set up separate recognized Provident Fund trusts for all the units of the Company.

Contributions paid / payable for Provident Fund of eligible employees and National Pension Scheme is recognized in the statement of Profit and Loss each year. The Parent has an obligation to make good the shortfall, if any, between the return from the investments of the trusts and the interest rate notified by Government.

(b) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Parent's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Post employment defined benefits plans comprise of gratuity, superannuation and Post Retirement Medical Benefit for eligible employees of the Company. Post employment benefits are recognized as an expense in the statement of profit and loss for the year in which the employee has rendered services. The Company also contributes to a government administered Family Pension fund on behalf of its employees. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

(iii) Other long term employee benefits

Other long term employee benefits comprise of leave encashment for eligible employees of Group. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

3.11 - Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

(A) Financial Assets

The Group determines the classification of its financial assets at initial recognition. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The financial assets are classified in the following measurement categories:

a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

b) Those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss as incurred.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments.

(i) Amortised Cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

a) The asset is held within a business model with the objective of collecting the contractual cash flows, and

b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost include loans receivable, trade and other receivables, and other financial assets that are held with the objective of collecting contractual cash flows. After initial measurement at fair value, the financial assets are measured at amortised cost using the effective interest rate (EIR) method, less impairment.

Amortised 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 amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the Statement of Profit or Loss in other income.

(ii) Fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

(iii) Financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss:

a) Debt investments that do not qualify for measurement at amortised cost;

b) Debt investments that do not qualify for measurement at fair value through other comprehensive income; and

c) Debt investments that have been designated at fair value through profit or loss.

Financial assets at fair value through profit or loss include financial assets held for trading, debt securities and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the Balance Sheet at fair value with net changes in fair value presented as finance costs in profit or loss if the same is considered as an adjustment to borrowing cost. Interests, dividends and gain/loss on foreign exchange on financial assets at fair value through profit or loss are included separately in other income.

If Group elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in profit or loss as other income when the Group's' right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss shall be recognised in other gain / (losses) in the statement of profit or loss as applicable.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of the transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Impairment of Financial Assets

The Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance.

b) Trade receivables or any contractual right to receive cash or other financial asset that result from transactions that are within the scope of Ind AS 18.

An expected credit loss is the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the group expects to receive. The expected credit losses consider the amount and timing of payments and hence, a credit loss arises even if the Group expects to receive the payment in full but later than when contractually due. The expected credit loss method requires to assess credit risk, default and timing of collection since initial recognition. This requires recognising allowance for expected credit losses in profit or loss even for receivables that are newly originated or acquired.

Impairment of financial assets is measured as either 12 month expected credit losses or life time expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. 12 month expected credit losses' represent the expected credit losses resulting from default events that are possible within 12 months after the reporting date. 'Lifetime expected credit losses' represent the expected credit losses that result from all possible default events over the expected life of the financial asset.

Trade receivables are of a short duration, normally less than 12 months and hence the loss allowance measured as lifetime expected credit losses does not differ from that measured as 12 month expected credit losses. The Group uses the practical expedient in Ind AS 109 for measuring expected credit losses for trade receivables using a provision matrix based on ageing of receivables.

The Group uses historical loss experience and derived loss rates based on the past twelve months and adjust the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the ageing of the amounts that are past due and are generally higher for those with the higher ageing.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recognised using the effective interest rate (EIR), which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial asset is recognised using the original EIR.

Dividends

Dividends are recognised as revenue when the right to receive payment is established.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(B) Financial Liabilities

The Group determines the classification of its financial liabilities at initial recognition.

Classification

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss. Loans and borrowings, payables are subsequently measured at amortised cost where as derivatives are measured at fair value through profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss include financial liabilities to hedge risks which are not designated as hedges. At initial recognition, the Group measures financial liabilities at its fair value. Financial liabilities at fair value through profit and loss are carried in the Balance Sheet at fair value with changes recognised in the Statement of Profit and Loss.

Financial liabilities measured at amortised cost

Financial liabilities are initially recognised at fair value, net of transaction cost incurred and are subsequently measured at amortised cost, using the EIR method. Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest charge over the relevant effective interest rate period. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

A financial liability is derecognised 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(C) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Consolidated Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counter party.

(D) Derivative financial instruments

The Group's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. Changes in values of all derivatives of a financing nature are included within financing costs if the same is considered as adjustment to borrowing cost in the Statement of Profit and Loss whereas other foreign exchange fluctuation is disclosed under other expenses. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date.

(E) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the group 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 P&L.

3.12 Foreign currencies

(a) Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency (the currency of the primary economic environment in which the entity operates) and items included in the financial statements of each entity are measured using that functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Profit and Loss within 'Finance costs'. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss within 'Other operating expenses'.

3.13 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

3.14-Segment accounting:

The Chief Operational Decision Maker monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The Operating segments have been identified on the basis of the nature of products/services.

The accounting polices adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter Segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocated to segments on a reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

The Group has identified two reportable business segments i.e. Fertilizer products and Industrial products. The Group operates mainly in Indian market and there are no reportable geographical segments.

3.15 - Provisions, Contingent liabilities, Contingent assets and Commitments: General

Provisions are recognised when the Group 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 the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised 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 recognised as a finance cost.

Contingent liability is disclosed in the case of:

A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;

A present obligation arising from the past events, when no reliable estimate is possible;

A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

3.16 - Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders (Net of Non-Controlling Interest) by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Group's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

3.17 - Cash flow statement

Cash flow are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals of accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and finance activities of the Group are segregated.

Effective April 1, 2017, the Group adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

3.18 Recent Accounting Pronouncements:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Group has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115 - Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition

Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The Group will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

4. Critical and significant accounting judgements, estimates and assumptions

4.1 Critical estimates and judgements

The following are the critical judgements, apart from those involving estimations that the management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the financial statements. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Useful lives of property, plant and equipment and intangible assets:

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the Group. Further, there is no significant change in the useful lives as compared to previous year.

Allowance for expected credit losses:

Note 42 describes the use of practical expedient by computing the expected credit loss allowance for trade receivables other than subsidy receivables based on provision matrix. The expected credit allowance is based on the aging of the days receivables are due and the rates derived based on past history of defaults in the provision matrix. As regards subsidy receivables, the Group does not believe that there is any credit risk as dues are receivable from the Government and hence no allowance for expected credit loss is made.

Dismantling cost of property, plant and equipment:

Note 22 describes assets retirement obligation on estimate basis for property, plant and equipment. The management estimates dismantling cost considering size of the asset and its useful life in line with industry practices.

Stores and spares inventories:

The Group's manufacturing process is continuous and highly mechanical with wide range of different types of plant and machineries. The Group keeps stores and spares as standby to continue the operations without any disruption. Considering wide range of stores and spares and long lead time for procurement of it and based on criticality of spares, the Group believes that net realizable value would be more than cost.

Fair value of investments:

The Group has invested in the equity instruments of various companies. However, the percentage of shareholding of the Group in some of such investee companies is low and hence, it has not been provided with future projections including projected profit and loss account by those investee companies. Hence, the valuation exercise carried out by the

Group with the help of an independent valuer has estimated the fair value at each reporting period based on available historical annual reports and other information in the public domain. In case of other companies, where there are no comparable companies' valuations available (also includes start-up companies) and no further information available for future projections, capacity utilisation, commencement of operations, etc., the method of valuation followed is cost approach. The Group evaluates the aforesaid position at each period end.

Income taxes:

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions.

4.2 Significant accounting judgements, estimates and assumptions

The preparation of the Group's 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. 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.

Judgements

In the process of applying the group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the standalone financial statements:

Operating lease commitments – Group as lessor

The group has entered into commercial property leases. It has determined, based on an evaluation of the terms and conditions of the arrangements that the lease term does not constitute a major part of the economic life of the commercial property and the present value of the minimum lease payments does not constitute the fair value of the asset. Thus, it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The group based on its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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 Discounted Cash Flow model. The cash flows are derived from the budget for the next five years and do not include activities that the group is not yet committed to or significant future investments that will enhance the asset's performance of the Cash Generating Unit being tested. The recoverable amount is sensitive to the discount rate used for the Discounted Cash Flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

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.

Defined benefit plans

The cost of the defined benefit plans viz. gratuity, superannuation for the eligible employees of the group 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 operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rate.

Further details about gratuity obligations are given in Note 38.

Provision and contingent liability

On an ongoing basis, Group reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

5. Property, Plant and Equipment

(₹ in lakhs)

	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
PARTICULARS	As at 01-Apr-17	Additions	Deductions/ Adjustments	As at 31-Mar-18	As at 01-Apr-17	Charge for the year	Deductions/ Adjustments	As at 31-Mar-18	Balance As at 31-Mar-18	Balance As at 31-Mar-17
Freehold land	551.47	-	-	551.47	-	-	-	-	551.47	551.47
Leasehold land	705.30	-	-	705.30	12.77	6.42	-	19.19	686.11	692.53
Buildings	17,560.93	388.30	19.42	17,929.81	880.25	667.08	15.54	1,531.79	16,398.02	16,680.68
Bridge, culverts,bunders,etc.	0.18	-	-	0.18	0.04	0.02	-	0.06	0.12	0.14
Roads	138.48	-	-	138.48	28.83	9.16	-	37.99	100.49	109.65
Plant and machinery	1,92,503.19	18354.63	222.97	2,10,634.85	17,262.45	9904.62	199.17	26,967.90	1,83,666.95	1,75,240.74
Furniture and fittings	668.45	6.15	69.60	605.00	145.30	79.03	64.67	159.66	445.34	523.15
Motor Vehicles	200.34	30.00	0.07	230.27	89.18	33.52	0.07	122.63	107.64	111.16
Railway sidings	2,122.13	-	-	2,122.13	164.15	164.60	-	328.75	1,793.38	1,957.98
Office equipment	673.91	129.69	110.65	692.95	261.18	136.48	96.21	301.45	391.50	412.73
Computers and Data Processing units	450.76	84.58	188.45	346.89	205.82	98.22	175.98	128.06	218.83	244.94
Laboratory equipment	601.28	10.68	13.04	598.92	112.73	69.00	11.46	170.27	428.65	488.55
Electrical Installation and Equipment	4,779.47	1605.16	-	6,384.63	296.56	485.79	-	782.35	5,602.28	4,482.91
Library books	16.96	-	-	16.96	4.42	1.68	-	6.10	10.86	12.54
TOTAL	**2,20,972.85**	**20,609.19**	**624.20**	**2,40,957.84**	**19,463.68**	**11,655.62**	**563.10**	**30,556.20**	**2,10,401.64**	**2,01,509.17**
Capital work in progress									76,308.19	27,301.52

	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
PARTICULARS	As at 01-Apr-16	Additions	Deductions/ Adjustments	As at 31-Mar-17	As at 01-Apr-16	Charge for the year	Deductions/ Adjustments	As at 31-Mar-17	Balance As at 31-Mar-17	Balance As at 31-Mar-16
Freehold land	551.47	-	-	551.47	-	-	-	-	551.47	551.47
Leasehold land	705.30	-	-	705.30	6.34	6.43	-	12.77	692.53	698.96
Buildings	8,093.07	9467.86	-	17,560.93	440.56	439.69	-	880.25	16,680.68	7,652.51
Bridge, culverts,bunders,etc.	0.18	-	-	0.18	0.02	0.02	-	0.04	0.14	0.16
Roads	138.48	-	-	138.48	14.17	14.66	-	28.83	109.65	124.31
Plant and machinery	1,60,819.66	31691.91	8.38	1,92,503.19	8,372.92	8898.14	8.61	17,262.45	1,75,240.74	1,52,446.74
Furniture and fittings	609.30	71.88	12.73	668.45	77.48	79.71	11.89	145.30	523.16	531.82
Motor Vehicles	200.38	-	0.04	200.34	45.98	43.23	0.03	89.18	111.16	154.40
Railway sidings	288.09	1,834.04	-	2,122.13	81.28	82.87	-	164.15	1,957.98	206.81
Office equipment	561.03	131.67	18.79	673.91	141.01	138.29	18.12	261.18	412.73	420.02
Computers and Data Processing units	418.84	51.71	19.79	450.76	109.12	115.04	18.34	205.82	244.94	309.72
Laboratory equipment	481.60	130.30	10.62	601.28	57.33	65.02	9.62	112.73	488.55	424.27
Electrical Installation and Equipment	1,196.36	3583.11	-	4,779.47	108.57	187.99	-	296.56	4,482.91	1,087.79
Library books	16.96	-	-	16.96	2.31	2.11	-	4.42	12.54	14.65
TOTAL	**1,74,080.72**	**46,962.48**	**70.35**	**2,20,972.85**	**9,457.09**	**10,073.20**	**66.61**	**19,463.68**	**2,01,509.17**	**1,64,623.63**
Capital work in progress									27,301.52	40,478.36

Notes

1 Asset acquisition includes R&D assets of ₹ 88.08 lakhs (previous year ₹ 9.09 lakhs).

2 The Company has acquired land through Government and also through direct negotiations. The entire land is in possession of the Company. In respect of portion of land for which the Company has still not received the award/sale deed, the advance paid to land owners have been treated as land. In respect of other portion of land acquired through direct negotiations, compensation has been paid at the negotiated price. The Company also holds possession of a portion of land for which no amount has been paid in absence of receipt of awards.

3 The Company has leased a portion of its land to Bank of Baroda for bank premises at Fertilizernagar and Sikka and Gas Authority of India Ltd. (GAIL) for establishment of CNG pumping station.

4 Buildings include ₹ 0.02 lakh being the value of shares in Co-operative Housing Societies.

5 The Company established Sikka Jetty at its own cost, which is in operation since 1987. After due discussion with Gujarat Maritime Board (GMB), a consensus was arrived at establishing ownership of jetty with the Company. Thereafter, in terms of resolution passed by GMB, the ownership of the jetty at Sikka was transferred to the Company. However, during 1994, GMB has reversed its earlier decision not supported by resolution and contended that the ownership of the jetty rests with GMB. The Company has made representation to the appropriate authority with regards to the ownership of the jetty with the Company.

The matter of deciding the status of Jetty was under examination at GMB & Government of Gujarat levels since long back. Various meetings were also held and after due diligence on the matter, it is decided by the Board of GMB supported by a resolution to assign the status of Captive Jetty to sikka jetty and the Company has to sign Captive Jetty Agreement with GMB. The matter is under discussion with GMB authorities. Pending finalization of the Captive Jetty Agreement, no provision is considered necessary in respect of various claims against the Company and counter-claims of the Company (both the amounts not determined). At present the Company is in possession of the Jetty and continues to be the owner of the Jetty pending signing of the Agreement.

6. Intangible assets

(₹ in lakhs)

	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
PARTICULARS	As at 01-Apr-17	Additions	Deductions/ Adjustments	As at 31-Mar-18	As at 01-Apr-17	Charge for the year	Deductions/ Adjustments	As at 31-Mar-18	Balance As at 31-Mar-18	Balance As at 31-Mar-17
Computer software	1,258.01	-	-	1,258.01	578.62	287.80	2.91	863.51	394.50	679.39
Technical Knowhow	9.66	-	9.66	-	2.13	-	2.13	-	-	7.53
TOTAL	**1,267.67**	**-**	**9.66**	**1,258.01**	**580.75**	**287.80**	**5.04**	**863.51**	**394.50**	**686.92**

	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
PARTICULARS	As at 01-Apr-16	Additions	Deductions/ Adjustments	As at 31-Mar-17	As at 01-Apr-16	Charge for the year	Deductions/ Adjustments	As at 31-Mar-17	Balance As at 31-Mar-17	Balance As at 31-Mar-16
Computer software	1,226.20	31.82	-	1,258.02	288.62	287.87	-	576.49	681.53	937.58
Technical Knowhow	9.65	-	-	9.65	1.10	1.03	-	2.13	7.52	8.55
TOTAL	**1,226.20**	**31.82**	**-**	**1,258.02**	**288.62**	**287.87**	**-**	**576.49**	**681.53**	**937.58**

7. Non-current investments

(₹ in lakhs)

Praticulars		**As at 31-03-2018**	**As at 31-03-2017**
Investments in equity shares of Associates measured at cost			
14,302	shares of Vadodara Enviro Channel Ltd. - ₹ 10 each*	260.93	306.15
12,50,000	shares of Gujarat Green Revolution Company Ltd. - ₹ 10 each	5,855.64	5,376.72
60,45,861	Shares of Karnalyte Resources Inc-Canadian Dollar (CAD) (Note -1)	2,520.04	2,961.77
		8,636.61	**8,644.64**
Unquoted equity shares measured at fair value through OCI			
11,25,000	Shares of Indian Potash Limited - ₹ 10 each	15,191.10	12,273.75
12,26,31,575	Shares of Gujarat Chemical Port Terminal Co. Ltd. - ₹ 1 each	18,640.00	19,866.32
5,92,20,000	Shares of Bhavnagar Energy Company Ltd.- ₹10 each (Note-2)	2,931.39	4,370.44
2,35,00,000	Shares of Gujarat State Petroleum Corporation Limited – ₹ 1 each	1,886.96	8,020.55
41,79,848	Shares of Tunisian Indian Fertilizers (TIFERT s.a.) - TND 10 each (Note - 3)	-	4,719.01
60,000	Shares of Gujarat Venture Finance Limited – ₹ 10 each	74.02	66.60
50,000	Shares of Biotech Consortium India Limited – ₹ 10 each	19.59	17.50
1,15,000	Shares of Gujarat Data Electronics Limited - ₹ 10 each	-	-
		38,743.06	**49,334.17**
Quoted equity shares measured at fair value through OCI			
3,07,79,167	Shares of Gujarat Narmada Valley Fertilizers Co. Ltd. - ₹ 10 each	1,12,020.78	88,351.60
2,23,62,784	Shares of Gujarat Industries Power Company Ltd. - ₹ 10 each	21,647.18	23,044.85
16,55,040	Shares of Gujarat Alkalies & Chemicals Ltd. - ₹ 10 each	11,561.28	6,749.25
93,82,895	Shares of Gujarat Gas Ltd. - ₹ 10 each (Note - 4)	78,178.28	72,131.01
9,35,600	Shares of Gujarat State Financial Corporation - ₹ 10 each	-	-
10,00,000	Shares of GRUH Finance Limited - ₹ 2 each	5,752.50	3,959.00
5,49,440	Shares of Industrial Development Bank of India - ₹ 10 each	396.70	412.63
5,79,000	Shares of Mangalore Chemicals & Fertilizers Ltd. - ₹ 10 each	350.30	334.09
		2,29,907.02	**1,94,982.43**
Total FVTOCI Investments		**2,68,650.08**	**2,44,316.60**
Other equity investments			
Tunisian Indian Fertilizers (TIFERT s.a.)-refer note-6		**1,664.32**	**-**
TOTAL INVESTMENTS		**2,78,951.01**	**2,52,961.24**

7. Non-current investments (Contd...)

(₹ in lakhs)

Praticulars	As at 31-03-2018	As at 31-03-2017
Aggregate book value of Quoted Investments	2,29,907.02	1,94,982.43
Aggregate market value of Quoted Investments	2,29,907.02	1,94,982.43
Aggregate carrying value of Unquoted Investments	49,043.99	57,978.81
Category-wise other investments-as per Ind AS 109 classification		
Particulars		
Financial assets carried at fair value through profit or loss (FVTPL)	-	-
Financial assets carried at amortised cost	8,636.61	8,644.64
Financial assets measured at FVTOCI	2,70,314.40	2,44,316.60
TOTAL INVESTMENTS	**2,78,951.01**	**2,52,961.24**
Investment in Associates is accounted under equity method as under:		
Particulars		
(i) Vadodara Enviro Channel Limited		
Opening Carrying value of Investment	323.65	305.42
Less: Capital Reserve	17.50	17.50
Add: Share in Profit for the year	(45.22)	18.23
Carrying value of investments at the year end	**260.93**	**306.15**
(ii) Gujarat Green Revolution Company Limited		
Opening Carrying value of Investment	5,540.94	4,878.52
Less: Capital Reserve	164.22	164.22
Add: Share in Profit for the year	478.92	662.42
Carrying value of investments at the year end	**5,855.64**	**5,376.72**
(iii) Karnalyte Resources Inc		
Carrying value of Investments at the time of Acquistion	2,227.60	2,392.52
Add: Goodwill	734.17	734.17
Add: Share in Profit for the year	(441.73)	(164.92)
Carrying value of investments at the year end	**2,520.04**	**2,961.77**

Notes:

* Less than a Thousand

1) There is no change in the no of shares compare to previous year, except where specifically mentioned above under each case.
2) The 54,90,306 no of equity shares of Karnalyte Resources Inc., Canada, held by the Company are pledged to secure the Company's long term borrowings from bank.
3) As a promoter of Bhavnagar Energy Company Limited (BECL), the Company has signed the Sponsors' Support Agreement (SSA) and as per the said Agreement, the promoters collectively shall not, till the final settlement date (being the date on which all obligations under the SSA have been irrevocably and unconditionally paid and discharged in full to the satisfaction of lenders), dispose-off their shareholdings which would result in dilution of their shareholding below 51%.

   Government of Gujarat has accorded its approval for carrying out appropriate modifications in the Memorandum & Articles of Association of BECL in pursuance of Section 2(45) & (87) of the Companies Act, 2013, there by converting BECL as Govt. Company by becoming a subsidiary of Gujarat Power Corporation Limited (GPCL)/ Gujarat State Electricity Corporation Limited (GSECL). In view of above, the Company has accorded its approval for amendment of third draft Shareholders Agreement and suitable changes / modifications in the Memorandum & Articles of Association of BECL. The decision for revised percentage of equity contribution in the said Government Company i.e. GPCL/GSECL is under process and the said revision shall be effective from 01.04.2018.
4) The equity shares held by the Company in Tunisian Indian Fertilizers S.A., Tunisia (TIFERT) have been pledged to secure the obligations of TIFERT to their lenders.
5) Company has received 93,82,895 nos of shares of Gujarat Gas Ltd in persuant to scheme of amalgamation and arrangement between the GSPC Gas Company Limited and GSPC Distribution Networks Limited pursuant to the Honourable High Court order. Out of the said shares, 39,47,369 nos of shares are lock-in for a period of 3 years from listing date.
6) Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities. Refer note 42 for determination of their fair values.
7) The company has provided a loan of USD 2.50 Mn to TIFERT for procurement of critical spares and equipments. Loan has been provided with a condition of compulsory conversion in equity shares of TIFERT after 3 years from the date of agreement and it carries an interest of daily average LIBOR plus a margin of 225 basis points. Principal amount of the loan along with unpaid interest will be converted into equity shares of TIFERT at face value after 3 years of agreement, accordingly the same has been classified as Investment, as in substance the nature is of the investment.

8. Other non-current financial assets

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured, considered good		
Other deposits	4,372.75	4,230.96
Unsecured, considered doubtful		
Deposits with companies & others	102.70	102.70
Less: Allowance for doubtful deposits	102.70	102.70
TOTAL	**4,372.75**	**4,230.96**

9. Other non current assets

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital Advances*	31,360.74	37,175.73
Prepaid Expenses	6.03	5.66
Prepayment for Leasehold Land	1,031.82	1,106.20
Others	169.47	169.47
TOTAL	**32,568.06**	**38,457.06**

*Capital advance as on 31st March,2018 includes ₹ 29,421.17 lakhs(₹ 29,702.77 lakhs as at 31st March,2017),advance for leasehold land pending execution of lease deed towards plot no.D-3/4 in Dahej III admeasuring 2979922.19 sq.meter.

10. Inventories

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Raw materials	22,816.88	10,413.12
Raw materials in Transit	2,518.40	8,425.36
Work-in-Process	1,679.53	1,627.41
Finished goods	30,648.96	29,387.52
Stock in trade	12,670.94	1,058.10
Stock in trade-in Transit	-	2,087.03
Stores and spares (including packing material)	16,952.58	17,428.78
Loose tools	21.20	30.59
TOTAL	**87,308.49**	**70,457.91**

11. Trade receivables

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured, considered good	1,032.39	954.98
Unsecured, considered good	92,468.38	79,032.77
Unsecured, considered doubtful	7,992.40	11,350.74
	1,01,493.17	91,338.49
Less: Allowance for doubtful debts (including ECL)	7,992.40	11,350.74
TOTAL	**93,500.77**	**79,987.75**

The average credit period on sale of goods is 30 to 90 days. No interest is charged on trade receivables upto the expiry of the credit period. Thereafter, interest is charged at 15% per annum on the outstanding balance.

The Company does not have any customers who represent more than 5% of the total balance of trade receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. Refer note 42 for the provision matrix at the end of the reporting period, ageing of receivable and movement in the expected credit loss allowance.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. Refer note 42 for the credit risk management by the Company.

For balances relating to related party receivables, refer Note 40.

12. Government subsidies receivable

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Subsidy from Government of India under New Urea Policy/Retention Price Scheme/Nutrient Based Subsidy Scheme*		
Outstanding for a period exceeding six months from due date	1,10,115.00	1,48,720.00
Outstanding for a period not exceeding six months from due date	61,763.77	43,873.00
TOTAL	**1,71,878.77**	**1,92,593.00**

*As agreed by Department of Fertilizers vide its Office Memorandum dated 16th March, 2017, it has started releasing outstanding subsidy from 01/04/2010 to 17/03/2013 and as required, the Company has submitted cost data for the period 18/03/2013 to 05/03/2017 to Department of Fertilizers "DoF" to examine the eligibility of GSFC for the payment of subsidy. The same is under process at DoF. The outstanding receivable on account of Ammonium Sulphate subsidy claims related to the period 01/04/2010 to 17/03/2013 is ₹ 26.37 Crores and for 18/03/2013 to 05/03/2017 is ₹ 662.95 Crores as on 31st March 2018.

13. Cash and cash equivalents

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and cash equivalents		
Cash on hand	11.39	1.52
Balances with banks		
In current accounts	5,523.08	4,609.96
In Short term deposits account (original maturity less than three months)	-	213.41
	5,534.47	**4,824.89**

14. Other bank balances

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
In Unclaimed dividend account-restricted	525.91	474.86
In Fractional bonus account-restricted	10.58	10.58
In Deposit accounts (original maturity more than three months)	909.11	543.57
TOTAL	**1,445.60**	**1,029.01**

If the dividend has not been claimed within 30 days from the date of its declaration, the Company is required to transfer the total amount of the dividend which remains unpaid or unclaimed, to a special account to be opened by the Company in a scheduled bank to be called "Unpaid Dividend Account". The unclaimed dividend lying in such account is required to be transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government after a period of seven years from the date of declaration. Company has transferred Unclaimed Dividend upto FY 2009 – 2010 to IEPF upto March 31, 2018.

15. Loans

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured, considered good		
Loans to employees*	14,895.61	13,798.59
Unsecured, considered good		
Advances to employees	122.19	121.68
Other loans to employees	916.11	901.64
Interest accrued	117.54	22.72
Others	53.52	61.44
	16,104.97	**14,906.07**

Notes:

* The loans are secured by mortgage of the underlying assets and are repayable on demand.

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counter parties. These financial assets are carried at amortised cost.

16. Other current financial assets

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Financial assets at fair value through profit & loss		
Derivatives not designated in hedging relationship		
Foreign exchange option contracts	1,063.65	1,559.30
Financial assets at amortised cost		
Others	757.59	852.39
TOTAL	**1,821.24**	**2,411.69**

17. Other Current Assets

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured, considered good		
Balances with govt. agencies	20,273.89	2,364.15
Advances to suppliers*	15,565.22	5,912.17
Prepaid expenses	294.92	372.37
Prepayment for Lease hold lands	355.98	74.38
TOTAL	**36,490.01**	**8,723.07**

* includes advances to related parties ₹ 244.39 lakhs (₹ 293.13 lakhs as at 31st March,2017).

18. Assets held for sale

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Assets classified as held for sale*	703.98	308.45
TOTAL	**703.98**	**308.45**

* Expected net realizable value is higher than carrying amount.

The Company decided to sell plant and machinery amounting to ₹ 300.26 Lakhs which is of obsolete technology. The Company expects to sell the same in near future. There is no cost to sell the asset and hence the same is not presented seperately under liabilities.

During the year 2017-2018, company has acquired possession of Residential Property located at, New Delhi against outstanding receivables, value of which amounts to ₹ 403.72 Lakhs.

19. Share Capital

(₹ in lakhs)

Particulars	As at 31st March 2018		As at 31st March 2017	
	Number of shares Refer Note (a) below	Amount	Number of shares Refer Note (a) below	Amount
Authorised				
Equity Shares of ₹ 2/- each	1,00,00,00,000	20,000.00	1,00,00,00,000	20,000.00
Redeemable Cumulative Preference Shares of ₹ 100 each	1,60,00,000	16,000.00	1,60,00,000	16,000.00
		36,000.00		36,000.00
Issued, Subscribed and Paid up:				
Issued				
Equity Shares: Face value of ₹ 2/- each				
Shares outstanding at beginning of the year	39,91,21,850	7,982.44	39,91,21,850	7,982.44
Shares outstanding at year end	**39,91,21,850**	**7,982.44**	**39,91,21,850**	**7,982.44**
Subscribed				
Equity Shares: Face value of ₹ 2/- each				
Shares outstanding at beginning of the year	39,90,69,685	7,981.39	39,90,69,685	7,981.39
Shares outstanding at year end	**39,90,69,685**	**7,981.39**	**39,90,69,685**	**7,981.39**
Paid-up				
Equity Shares: Face value of ₹ 2/- each				
Shares outstanding at beginning of the year	39,84,77,530	7,969.55	39,84,77,530	7,969.55
Shares outstanding at year end	39,84,77,530	7,969.55	39,84,77,530	7,969.55
TOTAL	**39,84,77,530**	**7,969.55**	**39,84,77,530**	**7,969.55**

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

(₹ in lakhs)

Particulars	As at 31st March 2018		As at 31st March 2017	
	Number of shares	Amount	Number of shares	Amount
Equity Shares				
At the beginning of the year	39,84,77,530	7,969.55	39,84,77,530	7,969.55
Issued / Reduction, if any during the year	-	-	-	-
Outstanding at the end of the year	39,84,77,530	7,969.55	39,84,77,530	7,969.55

b) Rights, preferences and restrictions attached to shares

Equity shares

The Company has one class of equity shares having a par value of ₹ 2 each. Each shareholder is eligible for one vote per share held. The dividend proposed by Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting. 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.

c) Shareholders holding more than 5% of equity share capital

Particulars	As at 31st March 2018		As at 31st March 2017	
	Number of shares	Percentage of holding	Number of shares	Percentage of holding
Gujarat State Investments Limited	15,07,99,905	37.84	15,07,99,905	37.84
Life Insurance Corporation of India	3,17,78,658	7.98	3,17,78,658	7.98
Fidelity Puritan Trust-Fidelity Low priced stock fund	2,89,00,000	7.25	3,15,00,000	7.91

20. Other equity

(₹ in lakhs)

Particulars	Reserves & Surplus					Items of OCI	
	Capital reserve	Equity security premium	Capital redemption reserve	General reserve	Retained earnings	Equity Instruments through OCI	Total Equity
Balance as at April 01, 2016	**1,256.33**	**30,524.02**	**3,335.00**	**3,98,153.31**	**32,411.19**	**80,825.51**	**5,46,505.36**
Profit for the year	-	-	-	-	42,446.40	-	42,446.40
Other comprehensive income for the year net of income tax	-	-	-	-	-	81,056.35	81,056.35
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	-	-	-	-	(5,532.00)	-	(5,532.00)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**36,914.40**	**81,056.35**	**1,17,970.75**
Dividends paid [Note 20]	-	-	-	-	(8,766.51)	-	(8,766.51)
Dividend Distribution Tax (DDT) [Note 20]	-	-	-	-	(1,784.65)	-	(1,784.65)
Transfer to General reserve	-	-	-	30,000.00	(30,000.00)	-	-
Balance as at March 31, 2017	**1,256.33**	**30,524.02**	**3,335.00**	**4,28,153.31**	**28,774.44**	**1,61,881.86**	**6,53,924.96**
Balance as at April 01, 2017	**1,256.33**	**30,524.02**	**3,335.00**	**4,28,153.31**	**28,774.44**	**1,61,881.86**	**6,53,924.96**
Profit for the year	-	-	-	-	47,376.75	-	47,376.75
Other comprehensive income for the year net of income tax	-	-	-	-	-	31,868.23	31,868.23
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	-	-	-	-	(211.48)	-	(211.48)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**47,165.27**	**31,868.23**	**79,033.50**
Cash dividends [Note 20]	-	-	-	-	(8,796.51)	-	(8,796.51)
Dividend Distribution Tax (DDT) [Note 20]	-	-	-	-	(1,790.76)	-	(1,790.76)
Transfer to General reserve	-	-	-	18,000.00	(18,000.00)	-	-
Balance as at March 31, 2018	**1,256.33**	**30,524.02**	**3,335.00**	**4,46,153.31**	**47,352.44**	**1,93,750.09**	**7,22,371.18**

Distributions made and proposed

(₹ in lakhs)

Particulars	Amount
Cash dividends on equity shares declared and paid:	
Final dividend for the year ended on 31 March 2017: ₹ 2.20 per share (31 March 2016: ₹ 2.20 per share)	8766.51
DDT on final dividend	1784.65
Total cash dividends declared and paid	**10551.16**
Proposed dividends on Equity shares:	
Final dividend for the year ended on 31 March 2018: ₹ 2.20 per share (31 March 2017: ₹ 2.20 per share)	8766.51
DDT on final dividend	1801.98
Total Proposed dividends	**10568.49**
Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon).	

21. Long term borrowings

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured		
Term loan from bank*	20,000.00	5,187.09
TOTAL	**20,000.00**	**5,187.09**

Note:

* The term loan from bank comprises of Rupee Term Loan (RTL) from EXIM bank for 40,000 MTPA Melamine III Project at Baroda Unit of GSFC having tenure of 5 years. The sanctioned limit of the loan is ₹ 500 Crores carrying G-sec rate prevailing as on the date of disbursement with spread of 160 bps (G – sec rate and spread will be reset annually). GSFC has availed ₹ 200 Crore during F.Y. 2017-18 having effective rate of interest 7.855%. This loan is secured by hypothecation of movable fixed assets of the said project. The principal amount of loan is repayable over a period of 15 equal quarterly installments commencing after a moratorium of 18 months from the date of first disbursement which will be due on 01.04.2019.

*The term loan from bank comprise of External Commercial Borrowings (ECB) and are secured by pledge on Shares of Karnalyte Resources Inc, Canada. The principal amount of the loan is repayable over a period of six years in annual instalments with the first instalment due in March 2015 and the interest on the loan is repayable in quarterly instalments over the tenure of the loan. The above loan carries effective interest rates with spread ranging from 175 bps to 190 bps over three months LIBOR. The repayment obligations for these loans have been partially hedged for exchange rate risk and fully hedged for interest rate risk. The last installment of 8 Million ISD is repayable in March'19.

22. Long term provisions

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Provision for employee benefits		
Provision for Gratuity (Refer Note 38)	4,589.10	7,067.90
Provision for Pension (Refer Note 38)	20,907.46	21,203.29
Provision for Compensated absences*	15,871.45	15,867.67
Provision for Post Retirement Medical Benefit Scheme (PRMBS) (Refer Note 38)	3,838.57	3,756.98
Other Provisions		
Provision for Asset Retirement Obligation	1,648.11	1,541.78
TOTAL	**46,854.69**	**49,437.62**

* The provision for Compensated absences pertains to accrued ordinary and sick leave entitlements. The change in carrying amount of the provision results from additional provision recognized net of benefits paid.

Movement in provision for Asset Retirement Obligation:

Particulars	Provision for Asset Retirement Obligation
Balance as at 1st April, 2017	1,541.78
Additional provision recognised	106.33
Balance as at 31st March, 2018	1,648.11

23.

A Income tax asset (net) (₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Advance payment of Income Tax (net)	13,672.33	8,663.25

B Current tax liabilities (net) (₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Provision for Income Tax (net)	2,473.63	8,580.26

C Deferred tax liabilities (net) (₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Statement of Profit & loss		
Profit & loss section		
Current income tax charge (net of MAT credit entitlement)	6,983.80	3,346.30
Deferred tax relating to origination & reversal of temporary differences	5,068.78	1,555.41
Earlier Year Tax	(10,131.10)	(9,151.37)
Income tax expense reported in the statement of profit or loss	**1,921.48**	**(4,249.66)**
(b) Other comprehensive income section		
Unrealised (gain)/loss on FVTOCI equity securities	(7,598.63)	(3,501.67)
Net loss/(gain) on remeasurements of defined benefit plans	(113.58)	(2,927.74)
Income tax charged to OCI	**(7,712.21)**	**(6,429.41)**
(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended		
Accounting profit before income tax [A]	49,300.18	37,681.01
Statutory income tax rate	34.608%	34.608%
Tax at statutory income tax rate of 34.608%	**17,061.81**	**13,040.65**
Tax effects of :		
Income not subject to tax	(2,271.90)	(621.84)
Inadmissible expenses or expenses treated separately	8,771.89	9,242.96
Admissible deductions	(11,412.96)	(13,064.37)
Deduction Under chapter - VI	(5,409.10)	(5,251.11)
Deferred tax on other items	4,973.60	1,555.41
Others	339.24	-
Total tax effect	**(5,009.23)**	**(8,138.95)**
Income tax expense	**12,052.58**	**4,901.70**
Earlier year tax	(10,131.10)	(9,151.37)
Income tax expense reported in statement of Profit & loss	**1,921.48**	**(4,249.68)**

(d) Deferred tax relates to the following: (₹ in lakhs)

	Balance sheet		Profit & loss	
	31-Mar-18	**31-Mar-17**	**2018**	**2017**
Property, plant and equipment	(45,802.98)	(42,727.23)	3,075.75	2,798.05
Expenses allowable for tax purpose when paid	8,926.57	9,775.47	848.90	4,554.86
Investments in Equity instruments	11,762.24	4,163.60	(7,598.64)	(3,501.67)
Fair valuation of deposits	0.64	0.65	0.01	(0.18)
Actuarial loss on Defined benefit plan	8,756.29	8,559.59	(196.70)	(3,732.49)
Actuarial loss on Compensated Absences	-	-	-	804.74
Fair valuation of Derivatives	(6.64)	(6.58)	0.06	-
Machinery Spares	1,464.17	1,450.09	(14.08)	-
Undistributed profit of associates	(1,295.70)	(1,199.09)	96.61	155.97
Allowance for doubtful debts	5,316.05	6,436.96	1,120.91	(5,794.00)
ARO provision	333.95	293.94	(40.01)	(51.53)
ICDS Impact	44.03	107.79	63.76	(107.79)
Reclassification of MAT Credit entitlement	4,134.08	4,267.51	133.43	(2,429.95)
Deferred tax expense/(income)			**(2,510.00)**	**(7,303.98)**
Net deferred tax assets/(liabilities)	**(6,367.28)**	**(8,877.30)**	**-**	**-**
Reconciliation of deferred tax liabilities (net):				
Opening Balance as at	**31-03-2017**	**31-03-2016**		
	(8,877.30)	**(16,181.28)**		
Tax income/(expense) during the period recognised in P&L	(5,068.78)	874.54		
Tax income / (Expense) MAT credit recognised in P&L	(133.43)			
Tax income/(expense) during the period recognised in OCI	7,712.21	6,429.41		
Closing balance as at	**31-03-2018**	**31-03-2017**		
	(6,367.28)	**(8,877.30)**		

Notes:

a) The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

24. Financial Liabilities- borrowings

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured		
Loans repayable on demand		
From Banks		
Cash credit account *	18,252.69	14,349.45
Unsecured		
Loans repayable on demand		
Short term working capital demand loan/over drafts from banks	14,538.36	-
Other loans and advances		
Commercial papers**	-	20,000.00
Buyers credit and bill discounting facility	51,298.95	33,796.62
TOTAL	**84,090.00**	**68,146.07**

* The Cash credit facility from consortium of banks is secured by hypothecation of stock of raw materials, finished products, packing materials, general stores, spares, book debts etc. of the Company.

** The Company issued commercial paper of ₹ 200 crores for 90 days period in 2016-17, repaid during 2017-18 year.

Interest rate details for short term borrowings:

(i) Working capital demand loan carries interest rate ranging from 7.00% to 8.00% p.a.

(ii) Cash credit accounts carrier interest rates ranging from 8.15% to 11.00% p.a.

(iii) Commercial papers carries interest at ranging from 6.20% to 6.46% p.a.

(iv) Buyers credit carries interest at ranging from 1.04% to 2.35% p.a.

25. Current financial liabilities- trade payables

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Due to Micro, Small and Medium Enterprises (MSMED)*	379.11	289.03
Others**	82,737.19	60,131.40
TOTAL	**83,116.30**	**60,420.43**

Particulars	As at 31st March, 2018	As at 31st March, 2017
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	379.11	289.03
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	NIL	NIL
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	NIL	NIL
(iv) The amount of interest due and payable for the year	NIL	NIL
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	NIL	NIL
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	NIL	NIL

*Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

** includes trade payable to related parties ₹ 5997.95 lakhs (₹ 7579.65 lakhs as at 31st March,2017).

26. Other current financial liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Financial liabilities at fair value through profit & loss		
Derivatives not designated as hedges		
Foreign exchange forward contracts	-	293.60
Other financial liabilities at amortised cost		
Current maturities of long term debt	5,203.53	5,187.08
Interest accrued but not due on borrowings	225.96	48.38
Unclaimed dividend*	525.91	474.86
Unpaid matured deposits*	0.25	0.87
Deposits received	5,375.61	4,405.60
Dues to shareholders for fractional bonus shares	19.42	19.42
Liability towards employee benefits	3,440.77	4,320.14
Creditors for capital goods	28,726.27	14,999.90
Other payables	1,566.44	234.82
TOTAL	**45,084.16**	**29,984.67**

* These figures do not include any amounts due and outstanding to be credited to Investor Education and Protection Fund.

27. Other current liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Advances from customers	1,165.01	1,235.97
Statutory dues	1,941.23	4,030.03
Income received in advance	7.40	8.00
TOTAL	**3,113.64**	**5,274.00**

28. Provisions

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Provision for employee benefits		
Provision for Gratuity (Refer note 38)	1,894.74	1,679.21
Provision for Compensated absences*	3,257.51	2,898.68
Provision for Pension (Refer note 38)	4,541.66	4,480.02
Provision for PRMBS (Refer note 38)	198.53	190.54
TOTAL	**9,892.44**	**9,248.45**

* The provision for Compensated absences pertains to accrued ordinary and sick leave entitlements. The change in carrying amount of the provision results from additional provision recognized net of benefits paid.

29. Revenue from operations

(₹ in lakhs)

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
Revenue from sale of products		
- Manufactured / Generated products-including subsidy on fertilizers	5,50,901.59	4,99,176.66
- Traded products	79,555.77	48,511.64
Total	**6,30,457.36**	**5,47,688.30**
Revenue from operation above includes:-		
Subsidy from Government of India under New Urea Policy/Retention Price Scheme/Nutrient Based Subsidy Scheme		
Pertaining to current year	1,73,188.00	1,48,245.00
Pertaining to earlier years determined during current year	(6,688.00)	(2,541.00)
TOTAL	**1,66,500.00**	**1,45,704.00**

30. Other income

(₹ in lakhs)

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
Interest on (gross)	3,185.30	1,653.63
Dividend from long term investments	2,791.83	1738.59
Rent	219.00	176.99
Insurance claims	153.35	287.38
Profit on sale of fixed assets	0.08	0.09
Excess provision no longer required	1,441.32	1066.71
Bank guarantee commission	116.52	90.47
Scrap sales	1554.63	387.03
Miscellaneous income	433.28	229.35
TOTAL	**9,895.31**	**5,630.24**

31. Cost of material consumed

(₹ in lakhs)

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
Raw Materials		
Opening stock	18,838.48	14,394.41
Add: Purchases	3,29,842.80	2,77,056.45
Less: Closing stock	25,335.28	18,838.47
TOTAL	**3,23,346.00**	**2,72,612.39**

32. Purchase of stock in trade

(₹ in lakhs)

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
Purchase of Stock in Trade	84,069.94	47,285.99
TOTAL	**84,069.94**	**47,285.99**

33. Changes in inventory of finished goods, work in process and stock in trade

(₹ in lakhs)

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
Opening stock		
Finished products	29,387.52	22,264.65
Stock in trade	3,145.12	4,016.03
Work-in-process	1,627.42	1,912.52
	34,160.06	**28,193.20**
Less: Closing stock		
Finished products	35,812.57	29,387.52
Stock in trade	7,507.30	3,145.12
Work-in-process	1,679.53	1,627.41
	44,999.40	**34,160.05**
(Increase) / Decrease	**(10839.34)**	**(5966.85)**

34. Employee benefit expenses

(₹ in lakhs)

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
Salaries, wages, bonus	37,397.56	37,426.51
Contribution to provident, gratuity and superannuation (pension) funds (including provisions)	7,230.64	6,569.30
Staff Welfare expenses	6,683.72	7,146.88
TOTAL	**51,311.92**	**51,142.69**

Employee benefit expenses includes R&D salary expenses of ₹ 851.11 lakhs (previous year ₹ 1133.72 lakhs)(Refer note no. 43)

35. Finance costs

(₹ in lakhs)

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
Interest		
- borrowings	3,544.20	5,178.25
- others	1,007.62	821.77
Other borrowing cost	583.41	492.54
TOTAL	**5,135.23**	**6,492.56**

36. Other expenses

(₹ in lakhs)

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
Consumption of stores and spare parts	8,927.52	7,641.15
Water	2,684.57	2,587.28
Packing expenses	9,133.65	8,149.56
Repairs to buildings	294.35	342.81
Repairs to machinery	5,511.60	5,040.77
Other repairs	669.06	1,048.36
Insurance	667.16	597.21
Rent, rates and taxes	343.31	1,088.10

36. Other expenses (Contd...)

(₹ in lakhs)

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
Product transportation, distribution & loading & unloading charges	26,914.67	23,803.86
Depots and farm information centers expense	4,037.10	4,091.84
Marketing expense reimbursement, demonstration, extension services and publicity etc.	843.87	552.15
Foreign exchange gain/loss (net)	3,224.19	3,744.38
Directors sitting fees	6.12	7.87
Auditors' remuneration *	24.81	84.55
Cost auditors' fees	5.28	5.58
Loss on fixed assets sold/discarded	39.39	3.51
Allowance for doubtful debts	432.86	3,640.66
Obsolete Spares and other items written off	-	200.00
Amortisation of leasehold land	355.98	367.39
Donations and contributions	1,559.73	848.05
Miscellaneous	4,311.94	4,325.24
TOTAL	**69,987.16**	**68,170.32**
Other expenses includes R&D expenses of ₹ 17.76 lakhs (previous year ₹ 24.99 lakhs) in respective heads (Refer note no. 43)		

***Auditors' remuneration**

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
Payment to Statutory Auditors:		
For Statutory audit	10.95	23.97
For Taxation matters	1.25	45.44
For other services (including Limited Review fees & certification)	7.82	14.88
For Reimbursement of expenses	4.79	0.26
	24.81	**84.55**

37. Earnings per share (EPS):

(₹ in lakhs)

Particulars	Year ended 31st March, 18	Year ended 31st March, 17
i. Profit attributable to Equity holders of the Company (After adjusting Non Controlling Interest)		
Continuing operations	47,376.75	42,446.40
Discontinued operations	-	-
Profit attributable to equity holders of the Company for basic earnings	47,376.75	42,446.40
Effect of dilution	-	-
Profit attributable to equity holders of the Company adjusted for the effect of dilution	**47,376.75**	**42,446.40**
ii. Weighted average number of ordinary shares		
Issued ordinary shares	39,84,77,530	39,84,77,530
Effect of dilution	-	-
	39,84,77,530	39,84,77,530
Basic EPS (₹)	11.89	10.65
Diluted EPS (₹)	11.89	10.65
Nominal value per share (₹)	2.00	2.00

38. Employment benefit plans

a) The Company operates post employment and other long term employee benefits defined plans as follows:

I. Funded

i. Gratuity

ii. Pension

II. Unfunded

i. Post retirement medical benefit scheme

Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment Risk: The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest Risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.

Longevity Risk: The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk: The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

b) Defined contribution plans:

Amount towards Defined Contribution Plans have been recognised under "Contributions to Providend, Gratuity and Superannuation Fund (pension) Funds (including provisions)" in Note : 34 ₹ 2,876.03 lakhs for financial year 2016-17 (₹ 2,730.07 lakhs for financial year 2016-17).

c) Details of funded & unfunded plans are as follows:

(₹ in lakhs)

Description	Pension		Gratuity	
	2017-18	2016-17	2017-18	2016-17
1. Changes In Present Value of obligation				
a. Obligation as at the beginning of the year	58,669.04	50,362.00	27,890.11	26,260.45
b. Current Service Cost	586.39	569.67	1,299.12	1,193.64
c. Interest Cost	4,254.11	4,028.96	2,019.06	2,100.83
d. Actuarial (Gain)/Loss	1,858.06	7,958.89	(1,134.55)	636.00
e. Benefits Paid	(4,287.07)	(4,250.48)	(2,213.27)	(2,300.81)
f. Obligation as at the end of the year	61,080.53	58,669.04	27,860.47	27,890.11
The defined benefit obligation as at 31.03.2017 is	Funded	Funded	Funded	Funded
2. Changes in Fair Value of Plan Assets				
a. Fair Value of Plan Assets as at the beginning of the year	32,985.70	31,863.73	19,143.29	18,443.70
b. Expected return on Plan Assets	2,391.58	2,549.09	1,385.94	1,475.49
c. Actuarial Gain/(Loss)	323.70	116.31	196.79	19.15
d. Contributions	4,217.48	2,707.05	2,864.17	1,505.76
e. Benefits Paid	(4,287.07)	(4,250.48)	(2,213.27)	(2,300.81)
f. Fair Value of Plan Assets as at the end of the year	35,631.39	32,985.70	21,376.92	19,143.29

38. Employment benefit plans (Contd..) **(₹ in lakhs)**

Description	Pension		Gratuity	
	2017-18	2016-17	2017-18	2016-17
3. Amount Recognised In The Balance Sheet				
a. Fair Value of Plan Assets as at the end of the year	35,631.39	32,985.70	21,376.92	19,143.29
b. Present Value of Obligation as at the end of the year	(61,080.53)	(58,669.04)	(27,860.47)	(27,890.11)
c. Amount recognised in the Balance Sheet	(25,449.14)	(25,683.34)	(6,483.55)	(8,746.82)
4. Expense recognised in P & L during the year				
a. Current Service Cost	586.39	569.67	1,299.12	1,193.64
b. Net Interest Cost	1,862.53	1,479.87	633.09	625.34
c. Expense recognised during the year	2,448.92	2,049.54	1,932.21	1,818.98
5. Expense recognised in OCI during the year				
a. Return on Plan Assets,Excluding Interest Income	(323.70)	(116.31)	(196.79)	(19.15)
b. Actuarial (Gain)/Loss recognised on Obligation	1,858.06	7,958.89	(1,134.55)	636.00
c. Net (Income)/Expense recognised during the year	1,534.36	7,842.58	(1,331.34)	616.85
6. Investment Details of Plan Assets				
Administered by LIC of India	100%	100%	100%	100%

Maturity Profile	Pension		Gratuity		PRMBS	
Projeted benefit payable in future year from the date of reporting	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
1st Following year	7,586.01	3,177.08	3,431.67	2,665.12	198.53	190.55
2nd Following year	5,014.61	4,802.51	2,387.23	2,166.07	213.17	203.04
3rd Following Year	6,582.70	5,601.81	3,041.78	3,329.18	226.13	218.46
4th Following year	6,853.33	5,057.51	3,147.03	3,006.24	240.16	232.29
5th Following Year	7,490.71	5,145.70	3,473.96	3,058.96	255.93	246.99
Sum of year 6 to 10	32,016.43	25,632.34	14,646.11	15,268.00	1,509.96	1,488.11
Sum of year 11 and above	0	0	17,116.85	16,711.51	0	0

Description	PRMBS	
	2017-18	2016-17
1. Changes In Present Value of the defined benefit obligation		
a. Obligation as at the beginning of the year	3,947.53	3,636.14
b. Current Service Cost	177.01	178.28
c. Interest Cost	253.58	289.57
d. Actuarial (Gain)/Loss	122.04	362.45
e. Benefits Paid	(463.05)	(518.91)
f. Obligation as at the end of the year	4,037.11	3,947.53
The defined benefit obligation as at 31.03.2017 is	Unfunded	Unfunded

38. Employment benefit plans (Contd..) **(₹ in lakhs)**

Description	PRMBS	
	2017-18	2016-17
2. Amount Recognised In The Balance Sheet		
a. Fair Value of Plan Assets as at the end of the year	—	—
b. Present Value of Obligation as at the end of the year	(4,037.11)	(3,947.53)
c. Amount recognised in the Balance Sheet	(4,037.11)	(3,947.53)
3. Expense recognised in P & L during the year		
a. Current Service Cost	177.01	178.28
b. Interest Cost	253.58	289.57
c. Expense recognised during the year	430.59	467.85
4. Expense recognised in OCI during the year		
a. Return on Plan Assets,Excluding Interest Income	—	—
b. Actuarial (Gain)/Loss recognised on Obligation	122.04	362.45
c. Net (Income)/Expense recognised during the year	122.04	362.45

The expense is disclosed in Note No. 34 - "Employee Benefit Expenses", Pension & Gratuity are disclosed in line item - Contribution to Provident Fund,and provision to Gratuity, Superannuation (Pension) Funds. Leave Encashment is disclosed in line item - Salaries, Wages and Bonus and PRMBS is disclosed in line item - Welfare funds.

d) Assumptions

	31.03.2018	31.03.2017
a. Discount Rate (per annum)	7.45%	7.45%
b. Estimated Rate of return on Plan Assets (per annum)	N.A.	N.A.
c. Salary Escalation Rate (per annum)	6%	6%
d. Salary Medical Inflation Rate (per annum)	N.A.	N.A.

e. The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

f. The estimate of mortality rate during employment has been considered as per Indian Assured Lives Mortality (2006-08).

g. Provident Fund contributions are made to Trusts administered by the Company. The interest rate payable to the members of the Trusts shall not be lower than the statutory rate of interest declared by the Central Government under the Employees provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. Having regard to the assets of the Fund managed by the Trusts and the return on the investments, the Company does not expect any deficiency in the foreseeable future.

38. Employment benefit plans (Contd..) **(₹ in lakhs)**

Description	2017-18		
	Pension	Gratuity	PRMBS
e) Effect of one percentage point change in the assumed Discount Rate			
a. One percentage point increase in Discount Rate	(2,963.36)	(897.36)	(414.15)
b. One percentage point decrease in Discount Rate	3266.10	2098.90	504.90
Effect of one percentage point change in the assumed Salary Escalation Rate			
a. One percentage point increase in Salary Escalation Rate	3453.46	1681.04	NA
b. One percentage point decrease in Salary Escalation Rate	(3,178.25)	(1,539.31)	NA
Effect of one percentage point change in the assumed medical inflation rate-Benefit Obligation			
a. One percentage point increase in medical inflation rate	NA	NA	519.61
b. One percentage point decrease in medical inflation rate	NA	NA	252.10

f Details of funded & unfunded plans are as follows:

Pension	2017-18	2016-17	2015-16	2014-15	2013-14
Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)					
1 Present Value of Defined Benefit Obligation	61,080.53	58,669.04	50,362.00	35,708.00	35,506.00
2 Fair Value of Plan Assets	35,631.39	32,985.70	31,863.73	31,135.98	30,065.39
3 Status [Surplus/(Deficit)]	(25,449.14)	(25,683.34)	(18,498.27)	(4,572.02)	(5,440.61)
4 Experience Adjustment of Plan Assets [Gain/(Loss)]	323.70	116.31	-	-	-
5 Experience/Assumptions Adjustment of obligation [(Gain)/Loss]	1,858.06	7,958.89	15,143.18	534.77	(1,573.72)
Gratuity	**2017-18**	**2016-17**	**2015-16**	**2014-15**	**2013-14**
Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)					
1 Present Value of Defined Benefit Obligation	27,860.47	27,890.11	26,260.45	21,072.46	20,835.98
2 Fair Value of Plan Assets	21,376.92	19,143.29	18,443.70	17,772.13	17,053.92
3 Status [Surplus/(Deficit)]	(6,483.55)	(8,746.82)	(7,816.75)	(3,300.33)	(3,782.06)
4 Experience Adjustment of Plan Assets [Gain/(Loss)]	196.79	19.15	-	-	-
5 Experience/Assumptions Adjustment of obligation [(Gain)/Loss]	(1,134.55)	636.00	4,665.37	(460.73)	(303.78)

38. Employment benefit plans (Contd..)

(₹ in lakhs)

PRMBS	2017-18	2016-17	2015-16	2014-15	2013-14
Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)					
1 Present Value of Defined Benefit Obligation	4,037.11	3,947.53	3,636.09	2,678.04	2,356.54
2 Fair Value of Plan Assets	-	-	-	-	-
3 Status [Surplus/(Deficit)]	(4,037.11)	(3,947.53)	(3,636.09)	(2,678.04)	(2,356.54)
4 Experience Adjustment of Plan Assets [Gain/(Loss)]	-	-	-	-	-
5 Experience/Assumptions Adjustment of obligation [(Gain)/Loss]	122.04	362.45	354.77	-	-

39. Commitment and contingencies

a. Commitments

(₹ in lakhs)

Particulars	As at Mar-18	As at Mar-17
(i) Commitment for equity contribution & others	5,439.00	5,749.00
(ii) Estimated amount of contracts remaining to be executed on capital accounts and not provided for	11,048.00	68,978.00

b. Contingent liabilities

(₹ in lakhs)

Particulars	As at Mar-18	As at Mar-17
Claims against the Company not acknowledgement as debt		
(i) Excise duty	11,266.00	4,497.00
(ii) Central sales tax and value added tax	5,644.00	4,966.00
(iii) Income tax	7,948.00	11,223.00
(iv) Other claims by:		
- Statutory corporations	43,610.00	24,680.00
Income tax assessment orders contested	4,552.00	4,435.00
- Department of Fertilizers, total amount not quantifiable, demands stayed, matter pending with High Courts	Refer Note:12	Refer Note:12
- Employees / ex-employees, contractual labour – pending before courts	Not ascertainable	Not ascertainable

In respect of the above, the expected outflow will be determined at the time of final resolution of the dispute.

c. Contingent Assets

The Company does not have any contingent assets.

40. Related party transactions

The company is controlled by Government of Gujarat and Gujarat state Investment Limited and hence, the Company is Government related entity as per Ind AS 24 “Related Party Disclosures”. **(₹ in lakhs)**

Name of the Party	Nature of Relationship	Nature of Transaction	2017-18	2016-17
Vadodara Enviro Channel Ltd. (Erstwhile Effluent Channel Project Ltd.)	Associate	Usage of effluent channel	286.16	275.40
		Outstanding balance-Payable	1.25	1.19
Gujarat Green Revolution Company	Associate	Reimbursement of expenses	179.92	157.25
		Dividend received	6.25	6.25
		Outstanding balance-Receivable	53.61	135.73
Gujarat Data Electronics Limited	Associate	-	-	-
Karnalyte Resources Inc.	Associate	Reimbursement of expenses	9.77	43.32
		Outstanding balance-Payable	15.67	-
Tunisian Indian Fertilizer Company (TIFERT)	Other related party	Purchase of Material	25,376.85	12,493.61
		Reimbursement of expenses	27.22	-
		Outstanding balance-Payable	1,848.84	5,255.15
GSFC Education society	Other related party	Donation Granted	-	500.00
		Outstanding balance-Payables	-	-
Shri A M Tiwari, IAS, Managing Director	Key Management Personnel	Remuneration	113.53	116.58
V D Nanavaty – ED (Finance) & Chief Financial Officer	Key Management Personnel			
V V Vachhrajani, Sr. VP (Legal) & Company Secretary	Key Management Personnel			
Bhavnagar Energy Company Limited	Government related Entity	Investment in Equity	-	816.00
		Outstanding balance-receivable	-	-
Gujarat Alkalies & Chemicals Ltd.	Government related Entity	Purchase of Materials	1,861.46	1,414.54
		Sale of Product	663.12	735.83
		Recovery of (shared) expenses	8.65	16.61
		Outstanding balance-payable	88.27	-
		Outstanding balance-receivable	74.66	83.06
Gujarat Narmada Valley Fertilizers Company Limited	Government related Entity	Purchase of Materials	32.34	-
		Sale of Material	5,994.52	1,009.47
		Outstanding balance-Payables	(1.88)	0.01
		Outstanding balance-Receivables	179.70	99.57
GAIL India Limited	Government related Entity	Purchase of GAS	84,912.35	79,140.77
		Sale of Product	897.58	896.43
		Outstanding balance-Receivables	139.84	53.48
		Outstanding balance-Payables	4,008.29	2,763.51
Gujarat Industries Power Company Limited.	Government related Entity	Purchase of power	12,021.85	12,495.68
		Sale of power	135.07	107.05
		Outstanding balance-Receivables	22.99	30.81
		Outstanding balance-Payables	26.99	-
Gujarat State Petroleum Corporation Ltd.	Government related Entity	Purchase of GAS	2,793.48	1,514.79
		Gas Swap	-	488.97
		Outstanding balance-payable	153.01	15.16
Gujarat State Financial Services Limited	Government related Entity	-	-	-
Gujarat State Investment Ltd.	Investor company	-	-	-
Gujarat Industrial Investment Corporation Ltd.	Government related Entity	-	-	-
Gujarat Agro Industries Corporation	Government related Entity	Sale of Product	24,024.16	18,350.41
		Outstanding balance-receivable	2,179.90	187.61
Rajasthan State Mines & Minerals Limited	Government related Entity	Sale of Product	399.34	508.99
		Purchase of RM	9,962.77	10,939.44
		Outstanding balance-payables	(373.07)	-
		Outstanding balance-Receivables	(87.84)	(37.18)
Gujarat Chemical Port Terminal Company Limited	Government related Entity	Storage & Wharfage charges	521.81	494.97
		Outstanding balance-payable	91.98	-

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31st March,2017: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with key management personnel:

(₹ in lakhs)

Remuneration to key management personnel:	For the year ended	
	31-Mar-18	31-Mar-17
Short term employee benefits	102.85	106.85
Post employment benefits	5.50	4.99
Long-term employee benefits	5.18	4.74
Directors' sitting fees	6.12	7.87

41. Segment information

For management purposes, the company is organised into business units based on its products and has two reportable segments, as follows:

1. **Fertilizer products** comprising of Urea, Ammonium Sulphate, Di-ammonium Phosphate, Ammonium Phosphate Sulphate, NPK (12:32:16), (10:26:26), traded fertilizer products etc.
2. **Industrial products** comprising of Caprolactam, Nylon-6, Nylon Filament Yarn, Nylon Chips, Melamine, Methanol, Polymer products, traded industrial products etc.

   The Chief Operating Decision Maker ("CODM") evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by the two operating segments. The CODM reviews revenue and gross profit as the performance indicator for both operating segments.

(₹ in lakhs)

A] SEGMENT REVENUE:	31-Mar-18	31-Mar-17
1 TOTAL SEGMENT REVENUE		
a) Fertilizer Products	4,51,453.42	3,68,641.99
b) Industrial Products	1,79,003.94	1,79,046.31
TOTAL	6,30,457.36	5,47,688.30
2 INTER SEGMENT REVENUE	-	-
3 EXTERNAL REVENUE (1 - 2)		
a) Fertilizer Products	4,51,453.42	3,68,641.99
b) Industrial Products	1,79,003.94	1,79,046.31
TOTAL	6,30,457.36	5,47,688.30
B] RESULT:		
1 Segment result		
a) Fertilizer Products	30,568.41	28,761.48
b) Industrial Products	18,819.11	14,717.26
TOTAL	49,387.52	43,478.74
2 a) Unallocated income	8,886.41	4,327.92
b) Unallocated expenses	(3,846.55)	(3,633.09)
3 Operating Profit (B1 + B2)	54,427.38	44,173.57
4 Finance Cost	(5,135.23)	(6,492.56)

(₹ in lakhs)

		31-Mar-18	31-Mar-17
5	**Provision for Taxation:**		
	Current Income Tax	(8,528.33)	(5,776.25)
	Deferred Tax (net)	(5,068.78)	(1,555.41)
	MAT credit recognised	1,544.53	2,429.95
	Income Tax Previous Year written back	10,131.10	9,151.37
6	**Net Profit**	**47,370.67**	**41,930.67**
C]	**OTHER INFORMATION:**	**31-Mar-18**	**31-Mar-17**
1	**Segment assets**		
	a) Fertilizer Products	4,60,633.17	4,34,033.02
	b) Industrial Products	2,11,726.47	1,57,474.61
	TOTAL	**6,72,359.64**	**5,91,507.63**
2	**Unallocated corporate assets**	3,59,097.10	3,17,546.46
3	**Total Assets**	**10,31,456.74**	**9,09,054.09**
4	**Segment Liabilities**		
	a) Fertilizer Products	1,24,049.06	1,06,121.07
	b) Industrial Products	81,204.47	43,049.97
	TOTAL	**2,05,253.53**	**1,49,171.04**
5	**Unallocated corporate liabilities**	95,738.61	97,988.54
6	**Total Liabilities**	**3,00,992.14**	**2,47,159.58**
7	**Capital Expenditure**	**2017-18**	**2016-17**
	a) Fertilizer Products	7,152.02	21,267.60
	b) Industrial Products	60,923.19	12,043.00
	c) Corporate Capital Expenditure	889.75	436.51
	TOTAL	**68,964.96**	**33,747.11**
8	**Depreciation and Amortisation**		
	a) Fertilizer Products	7,280.72	5,919.38
	b) Industrial Products	4,466.57	4,204.62
	c) Unallocated corporate Depreciation	197.54	238.10
	TOTAL	**11,944.83**	**10,362.10**
9	**Non-Cash expenses**		
	a) Fertilizer Products	4,981.46	11,435.17
	b) Industrial Products	2,949.15	9,320.24
	c) Unallocated non-cash expenses	309.88	0.00
	TOTAL	**8,240.49**	**20,755.41**

42. Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The carrying value of financial instruments by categories as of 31 st March, 2018 is as follows. (₹ in lakhs)

Particulars	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial assets								
Non-current investments	-	2,68,650.08	10,300.93	2,78,951.01	2,29,907.02	-	38,743.06	2,68,650.08
Other Non-current financial asset	-	-	4,372.75	4,372.75	-	-	-	-
Trade receivables	-	-	93,500.77	93,500.77	-	-	-	-
Government subsidy receivable	-	-	1,71,878.77	1,71,878.77	-	-	-	-
Cash and cash equivalents	-	-	5,534.47	5,534.47	-	-	-	-
Other bank balances	-	-	1,445.60	1,445.60	-	-	-	-
Current loans	-	-	16,104.97	16,104.97	-	-	-	-
Derivative financial instruments	1,063.65	-	-	1,063.65	-	1,063.65	-	1,063.65
Other Current financial asset	-	-	757.59	757.59	-	-	-	-
	1,063.65	**2,68,650.08**	**3,03,895.84**	**5,73,609.57**	**2,29,907.02**	**1,063.65**	**38,743.06**	**2,69,713.73**
Financial liabilities								
Non current borrowings	-	-	20,000.00	20,000.00	-	-	-	-
Current borrowings1	-	-	84,090.00	84,090.00	-	-	-	-
Trade payables1	-	-	83,116.30	83,116.30	-	-	-	-
Other current financial liabilities	-	-	45,084.16	45,084.16	-	-	-	-
	-	**-**	**2,32,290.46**	**2,32,290.46**	**-**	**-**	**-**	**-**
The carrying value of financial instruments by categories as of 31 st March, 2017 is as follows.								(₹ in lakhs)
Financial assets								
Non-current investments	-	2,44,316.60	8,644.64	2,52,961.24	1,94,982.43	-	49,334.17	2,44,316.60
Other Non-current financial asset	-	-	4,230.96	4,230.96	-	-	-	-
Trade receivables	-	-	79,987.75	79,987.75	-	-	-	-
Government subsidy receivable	-	-	1,92,593.00	1,92,593.00	-	-	-	-
Cash and cash equivalents	-	-	4,824.89	4,824.89	-	-	-	-
Other bank balances	-	-	1,029.01	1,029.01	-	-	-	-
Current loans	-	-	14,906.07	14,906.07	-	-	-	-
Derivative financial instruments	1,559.30	-	-	1,559.30	-	1,559.30	-	1,559.30
Other Current financial asset1	-	-	852.39	852.39	-	-	-	-
	1,559.30	**2,44,316.60**	**3,07,068.71**	**5,52,944.61**	**1,94,982.43**	**1,559.30**	**49,334.17**	**2,45,875.90**
Financial liabilities								
Non current borrowings	-	-	5,187.09	5,187.09	-	-	-	-
Current borrowings1	-	-	70,149.76	70,149.76	-	-	-	-
Trade payables1	-	-	60,420.43	60,420.43	-	-	-	-
Other current financial liabilities	-	-	29,691.07	29,691.07	-	-	-	-
Derivative financial instruments	293.60	-	-	293.60	-	293.60	-	293.60
	293.60	**-**	**1,65,448.35**	**1,65,741.96**	**-**	**293.60**	**-**	**293.60**

1 - carrying value approximates to the fair value

B. Measurement of fair values & Sensitivity Analysis

i) Valuation techniques and significant unobservable inputs

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial instruments measured at fair value **(₹ in lakhs)**

Financial assets / financial liabilities	Fair Value (Rs. In Lakhs) as at		Fair Value hierarchy	Valuation technique(s) and key input(s)
	31-03-2018	31-03-2017		
1) Investments in equity instruments at FVTOCI (quoted) (see note 7)	Listed equity securities in various companies engaged in fertilizer, chemicals, finance, gas, power and mining industry aggregate fair value of Rs. 229907.02	Listed equity securities in various companies engaged in fertilizer, chemicals, finance, gas, power and mining industry aggregate fair value of Rs. 194,982.42	Level 1	Quoted bid prices in an active market

(₹ in lakhs)

Particulars	Valuation technique(s) & key input(s)	Fair Value (Rs. In Lakhs) as at		Fair Value hierarchy	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
		31-03-2018	31-03-2017			
2) Investments in equity instruments at FVTOCI (unquoted) (see note 7)	Market Approach- Comparable companies-In this approach, the value of shares / business of a company is determined based on market multiples of publicly traded comparable companies. The appropriate multiple is generally based on performance of listed companies with similiar business model and size (Refer note 1 below).	Investment in companies engaged in business of storage facilities - aggregate fair value of Rs. 18640.00	Investment in companies engaged in business of storage facilities - aggregate fair value of Rs. 19,866.32	Level 3	Market Multiple Discount ranging from 15% to 20% (As at 31.3.17 from 17.5% to 22.5%)	Increasing/Decreasing the Market Multiples by probability weighted range, would change the FV by +INR 2,256.42 lakhs & -INR 2,133.79 lakhs (As at 31.3.17 +INR 1,238.56 lakhs & -INR 1,115.93)
		Investment in companies engaged in fertilizer industry- aggregate fair value of Rs. 15191.10	Investment in companies engaged in fertilizer industry- aggregate fair value of Rs. 12,273.75		Discount to Fair Value ranging from 10% to 20% (As at 31.3.17 from 15% to 25%)	Increasing/Decreasing the Discounting Factor by probability weighted range, would change the FV by +INR 3,223.24 lakhs & -INR 2,964.38 lakhs (As at 31.3.17 +INR 770.63 lakhs & -INR 764.10 lakhs)
	Income Approach- In this approach, discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee.	Investment in company engaged in fertilizer industry - aggregate fair value of Rs. NIL	Investment in company engaged in fertilizer industry - aggregate fair value of Rs. 4,719.00	Level 3	Growth Rate ranging NIL (As at 31.3.17 from 1% to 3%)	Increasing/Decreasing the Growth Rate & Discounting Factor by probability weighted range, would change the FV by NIL. (As at 31.3.17 +INR 1,109.61 lakhs & -INR 1,052.72 lakhs)
					Discounting Factor ranging NIL (As at 31.3.17 from 13.98% to 15.98%)	
	(Refer note below).	Investment in company engaged in the business of gas marketing - agreegate fair value of Rs.1886.96	Investment in company engaged in the business of gas marketing - agreegate fair value of Rs.8,020.55	Level 3		
	Note : Discounted Free Cash flow method has been used to arrive at the enterprise value of the gas marketing business of the investee. Under this technique, the projected free cash flows from gas marketing business of the company are discounted at the weighted average cost of capital to the providers of capital to the business of the company and the sum of the present value of such free cash flows would represent the value of business. The investee has various investments in subsidaries and joint venture companies. Each of these subsidiary and joint venture companies have been separately valued using market price method. DCF method, CCM method and book value (NAV) method and applied the investee's stake percentage to arrive at the fair value of investee's investment in these subsidiaries / joint venture companies. Under the market price method, the valuation is derived from the quoted market price of the share of the company as at the valuation date. Under the NAV method, the valuation is derived by calculating the net assets value of the investee as at the valuation date.					
	Cost Approach- Net Asset Value - In this approach, total value is based on the sum of net asset value as recorded on the balance sheet.A net asset methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business. (Refer note 1 and 2 below).	Investment in companies engaged in power and finance industry - aggregate fair value of Rs. 3025.00	Investment in companies engaged in power and finance industry - aggregate fair value of Rs. 4,454.54	Level 3	Discount to Book Value ranging from 15% to 25% (As at 31.3.17 from 15% to 30%)	Increasing/Decreasing the Discounting Factor by probability weighted range, would change the FV by +INR 194.41 lakhs & -INR 193.82 lakhs. (As at 31.3.17 +INR 535.65 lakhs & -INR 500.08 lakhs)

Note 1: The Company has invested in the equity instruments of various companies. However, the percentage of shareholding of the Company in such investee companies is very low and hence, it has not been provided with future projections including projected profit and loss account by those investee companies. Hence, the independent valuer appointed by the Company has estimated fair value based on available historical Annual Reports of such companies and other information as available in the public domain. Since the future projections are not available, discounted cashflow approach for fair value determination has not been followed.

Note 2: In case of some companies, there are no comparable companies valuations available and some are recent start up companies. In light of no information available for future projections, capacity utilisation, commencement of operations, etc., the valuation is based on cost approach.

ii) Transfers between Levels 1 and 2

There have been no transfers between Level 1 and Level 2 during 2017-18 and 2016-17

iii) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

(₹ in lakhs)

Paticulars	Equity securities
Opening Balance (1 April 2017)	49,334.17
Net change in fair value (unrealised)	(10,591.11)
Purchases	-
Closing Balance (31 March 2018)	**38,743.06**

Transfer out of Level 3

There were no movement in level 3 in either directions during the year 2017-18 and 2016-17.

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

i. Risk

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company manages market risk through a Financial risk management committee, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Audit cum finance committee and Board of Directors. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit cum finance committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Revenue department has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the Board of Directors.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Company may have a secured claim. The Company does not otherwise require collateral in respect of trade and other receivables.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The provision matrix of ECL at the end of the reporting period is as follows.

Particulars	Expected credit loss %
Within the credit period	0.05%
1-90 days past due	0.57%
91-180 days past due	2.28%
181-270 days past due	8.03%
270-360 days past due	19.77%
360-450 days past due	38.61%
450-540 days past due	57.19%
540-630 days past due	73.15%
630-720 days past due	100.00%
More than 720 days past due	100.00%

Impairment

The ageing of trade and other receivables that were not impaired was as follows.

(₹ in lakhs)

Particulars	Carrying amount	
	March 31, 2018	March 31, 2017
Neither past due nor impaired	126028.09	83246.46
Past due 1–30 days	4295.88	6921.17
Past due 31–90 days	25393.96	18118.84
Past due 91 days and above	109661.61	1,64,294.28
	2,65,379.54	2,72,580.75

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

Movement in expected credit loss allowance (₹ in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Balance at the beginning of the year	11,350.74	7,710.08
Movement in the expected credit loss allowanceon trade receivables calculated at lifetime expected credit losses Past due 31–90 days	(3,358.34)	3,640.66
	7,992.40	**11,350.74**

During the year 2017-18 and 2016-17, an impairment provision of INR (3,358.34) Lakhs and INR 3,640.66 Lakhs was created respectively.

Cash and cash equivalents

The Company held cash and cash equivalents of INR 5,534.47 Lakhs at March 31, 2018, (INR 4,824.89 Lakhs at March 31, 2017). The cash and cash equivalents are held with approved scheduled banks.

Derivatives

The derivatives deals are done with AD category banks in OTC market and registered brokers in ETCD market.

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Financing facilities: (₹ in lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
a) Unsecured cash credit, reviewed annually		
- amount used	18,252.69	14,349.45
- amount unused	28,247.31	32,150.55
b) Unsecured bill acceptance facility, reviewed annually		
- amount used	51,298.95	33,796.62
- amount unused	-	-
c) Unsecured commercial pappers, reviewed annually		
- amount used	-	20,000.00
- amount unused	50,000.00	30,000.00
d) Unsecured working capital demand loan, reviewed annually		
- amount used	5,000.00	-
- amount unused	10,000.00	-
e) Unsecured bank overdraft facility, reviewed annually		
- amount used	9,538.36	2,003.69
- amount unused	4,961.64	12,996.31

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in lakhs)

March 31, 2018	Contractual cash flows					
	Carrying amount	Total	0-12 months	1-2 years	2-5 years	More than 5 years
INR						
Non-derivative financial liabilities						
Foreign currency term loans from banks	25,203.53	25,203.53	5,203.53	5,333.33	14,666.67	
Working capital loans from banks	84,090.00	84,090.00	84,090.00			
Trade payables	83,116.30	83,116.30	83,116.30			
Other current financial liabilities	39,880.63	39,880.63	39,880.63			
Derivative financial liabilities						
Derivative contracts used for hedging						
- Outflow	-	-	-			

March 31, 2017	Contractual cash flows					
	Carrying amount	Total	0-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Foreign currency term loans from banks	10,374.17	10,374.17	5,187.08	5,187.09	-	-
Working capital loans from banks	70,149.76	70,149.76	70,149.76	-	-	-
Trade payables	60,420.43	60,420.43	60,420.43	-	-	-
Other current financial liabilities	24,503.99	24,503.99	24,503.99	-	-	-
Derivative financial liabilities						
Derivative contracts						
- Outflow	293.60	293.60	293.60			

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments.Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of company's investments. Thus, company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to control the financial risks associated with the Foreign Exchange/Currency rate movements through a sophisticated Foreign Exchange Risk Management System.

Currency risk

The Company is exposed to currency risk on account of its import payables and borrowings in foreign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts, Options and futures to hedge its currency risk, most with a maturity of less than one year from the reporting date.

The company is using derivative instruments which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at March 31, 2018 are as below:

(₹ in lakhs)

Particulars	March 31, 2018 INR	March 31, 2018 USD	March 31, 2018 TND[1]	March 31, 2018 CAD[1]	March 31, 2018 Others[1]
Financial assets					
Cash and cash equivalents	5,534.47	-	-	-	-
Other bank balances	1,445.60	-	-	-	-
Non-current investments	2,76,430.97	-	-	2,520.04	-
Long-term loans and advances	-	-	-	-	-
Current loans and advances	16,104.97	-	-	-	-
Trade and other receivables	2,63,923.53	1,456.01	-	-	-
Derivative assets	-	1,063.65	-	-	-
Other Non-Current financial assets	4,372.75	-	-	-	-
Other Current financial assets	757.59	-	-	-	-
	5,68,569.88	**2,519.66**	**-**	**2,520.00**	**-**
Financial liabilities					
Long term borrowings	20,000.00	-	-	-	-
Short term borrowings	32,791.05	51,298.95	-	-	-
Trade and other payables	44,100.65	38,216.62	-	8.94	790.09
Other Current financial liabilities	39,880.63	5,203.53	-	-	-
	1,36,772.33	**94,719.10**	**-**	**8.94**	**790.09**

The currency profile in INR of financial assets and financial liabilities as at March 31, 2017 are as below: (₹ in lakhs)

Particulars	March 31, 2017 INR	March 31, 2017 USD[1]	March 31, 2017 TND[1]	March 31, 2017 CAD[1]	March 31, 2017 Others[1]
Financial assets					
Cash and cash equivalents	4,824.89				
Other bank balances	1,029.01				
Non-current investments	2,45,280.46		4,719.01	2,961.77	
Non current loans and advances	-				
Current loans and advances	14,906.07				
Trade and other receivables	2,72,383.87	196.88			
Derivative assets	-	1,559.30			
Other non current financial assets	4,230.96				
Other Current financial assets	852.39				
	5,43,507.65	**1,756.18**	**4,719.01**	**2,961.77**	**-**
Financial liabilities					
Long term borrowings	-	5,187.09			
Short term borrowings	70,149.76				
Trade payables	49,912.25	10,427.25			80.93
Derivative liabilities	-	293.60			
Other Current financial liabilities	24,503.99	5,187.08			
	1,44,566.01	**21,095.02**	**-**	**-**	**80.93**

1 - The figures are in INR Equivalent of respective currency

The following significant exchange rates have been applied during the year.

INR	Year-end spot rate	
	March 31, 2018	March 31, 2017
USD 1	65.04	66.33
TND 1	27.20	29.55
CAD 1	50.52	50.21

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. **(₹ in lakhs)**

	31-Mar-18		31-Mar-17	
Effect in INR	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
10% movement				
USD	(627.59)	(2,367.56)	829.95	(1,899.35)
TND	-	-	471.90	(471.90)
CAD	252.00	(252.00)	312.67	(312.67)

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. Company has long term borrowings at variable rate of interest However, the same is hedged through interest rate swaps. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

(₹ in lakhs)

Particulars	**Nominal amount in INR**	
	March 31, 2018	**March 31, 2017**
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	20,000.00	5,187.09
Total	20,000.00	5,187.09

Capital Management

The Company manages its capital to ensure that it will be able to continue as a Going Concern while maximising the return to stakeholders through optimisation of the Debt and Equity Balance.

The Company is subject to externally imposed capital requirements as part of its debt covenants such as maintaining an interest coverage ratio of 4 times, a Debt Service Coverage ratio of 1.75 times, Net external debt to EBDITA ratio of 2.75 times, Total leverage ratio of 1.5 times and an external gearing ratio of 1 time.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital by computing the above ratios on an annual basis and ensuring that the same is in Compliance with the requirements of the Financial Covenants.

The interest coverage ratio at the end of the reporting period was as follows:

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
EBIT	54,427.38	43,158.88
Gross finance charges	4,127.61	5,670.79
Interest coverage ratio	7.61	7.61
EBITDA	66,372.21	53,502.00
Debt service	8,506.75	13,810.80
Debt service coverage ratio	7.80	3.87
Net external borrowings	11,613.99	10,106.47
EBITDA	66,372.21	53,502.00
Net external debt / EBITDA	0.17	0.19
Total debt	2,54,777.16	1,92,709.49
Tangible net worth	5,42,580.50	4,90,382.40
Total leverage	0.47	0.39
External debt	1,28,667.82	1,02,815.94
Tangible net worth	5,27,476.37	4,90,382.40
External gearing	0.24	0.21

43. Research & Development Expenses

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital*	88.08	9.09
Recurring**	868.87	1158.71
Total	**956.95**	**1,167.80**
*Capital Expenses included in PPE Note No. 5	88.08	9.09
**Recurring Expenses included in		
Note No. 34 Employee Benefit expenses	851.11	1,133.72
Note No. 36 Other expenses	17.76	24.99

44. Corporate Social Responsibility

The aggregate amount of expenditure incurred during the year on Corporate Social Responsibility is ₹ 1543.78 lacs for the financial year 2017-18(Previous year 2016-17 : ₹ 1099.94 Lacs).

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Prescribed CSR expenditure @ 2%	996.34	1,099.74
Actual expenditure	1,543.78	1,099.94

45. Details on derivative instruments and unhedged foreign currency exposure

(I) (a) Forward exchange contracts and options (being derivative instruments), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

(i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2018

Currency	Amount (in Mn)	Buy / Sell	Cross currency
USD	25.60	Buy	Rupees
USD	(3.00)	Buy	Rupees

Note: Figures in brackets relate to the previous year

(ii) Outstanding option contracts entered into by the Company as on 31 March, 2018

Currency	Amount (in Mn)	Buy / Sell	Cross currency
USD	40.94	Buy	Rupees
USD	(29.72)	Buy	Rupees
USD	40.94	Sell	Rupees
USD	(29.72)	Sell	Rupees

Note: Figures in brackets relate to the previous year

(b) Interest rate swaps to hedge against fluctuations in interest rate changes: No. of contracts:1, Amount: USD 8.00 Mn Principal (As at 31 March, 2017: No. of contracts:1, Amount: USD 16.00 Mn Principal)

(c) Currency Futures (other than forward exchange contracts stated above) which are not intended for trading or speculative purposes but for hedge purposes to hedge against fluctuations in changes in exchange rate.

Currency	Amount (in Mn)	Buy / Sell	Cross currency
USD	68.95	Buy	Rupees
USD	(54.21)	Buy	Rupees

Note: Figures in brackets relate to the previous year

(II) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise, represented in equivalent USD: USD 12.11 Mn (As at March 31, 2017: USD 0.73 Mn)

46. Leases

(i) The Company has taken various warehouses, godowns, guesthouses and office premises under operating lease or rental agreements. These are generally cancellable having a term of one year extendable for further one year on the discretion of the Company and are of rental nature. Payments are recognised in the statement of profit and loss under Note 34 - Other expenses.

(ii) Rent income includes lease rentals received towards office premises and land leased out for gas station. Such operating lease is generally for a period of three to four years. There are no restrictions imposed by lease arrangements.

47. Disclosure as per regulation 34(3) and 53(f) of Securities and Exchange Board of India (listing obligations and disclosures requirements) regulations, 2015:

Loans & Advances in the nature of loans to subsidiaries is ₹ Nil (PY: ₹ Nil)

48. Events occurring after the reporting period

(a) Announcement of Plan for Discontinue of Operation at Fibre Unit.

Management is considering shutting down of its Fibre unit situated at Kosamba, Dist. Surat and has made public announcement for the same on April 20, 2018. Closure of loss making unit will help Company in improving bottomline.

This shutting down however is subject to the approval of Board of Directors, which shall be sought in due course of time. Management is evaluating the option of shifting whole of the operations to other units or to dispose off the same.

As informed by the management its value in use is higher in case operations are shifted to other unit and also its Net Realizable value is higher compare to its carrying value as on March 31, 2018.

As it being an Non Adjusting event, no adjustment has been carried out for the above mentioned event in the financial statement.

(b) Escalation of Urea Concession Rates.

Ministry of Chemical & Fertilizers vide its letter date April 26, 2018 has revised provisional concession Rates & Sales Tax for Urea on account of escalation for the period April 01, 2016 to December 31, 2017. Hence Revenue from Operations for the quarter under audit has been increased by ₹ 76.07 Crores (₹ 12.76 Crores related to FY 2016 – 17, ₹ 39.24 Crores related to the period April'17 to December'17) & ₹ 24.07 Crores related to Q4 17-18.

As it being a Adjusting event, adjustment has been carried out for the above mentioned event in the financial statement. Concession Rates & Sales Tax for Urea on account of escalation for the period April 01, 2016 to December 31, 2017.

49. Interest in other entities

a) Subsidiaries

The Company's subsidiaries at 31 March 2018 are set out below. They have share capital consisting solely of equity shares that are held directly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

Name of Entity	Place of business	% of ownership interest		Principal activities
		31 March 2018	31 March 2017	
GSFC Agrotech Limited (GATL)	India	100.00%	100.00%	Trading of Agro inputs*
Gujarat Arogya Seva Pvt. Ltd.	India	50.94%	-	Trading of generic medicines

*Manufacturing of LBF, Tissue culture, SAG and SAL was undertaken upto 31st December, 2017.

b) Associates

Set out below are the associates of the Company as at 31 March 2018 which, in the opinion of the directors, are material to the Company. The entities listed below have share capital consisting solely of equity shares, which are held directly by the Company. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

(₹ in Lakhs)

Name of Entity	Place of business	% of ownership interest	Relationship	Accounting method	Carrying Amount	
					31 March 2018	31 March 2017
Vadodara Enviro Channel Limited (note 1)	India	28.57%	Associate	Equity Method	260.93	306.15
Gujarat Green Revolution Company Limited (note 2)	India	46.87%	Associate	Equity Method	5,855.64	5,376.72
Karnalyte Resources Inc (note 3)	Canada	21.50%	Associate	Equity Method	2,520.04	2,961.77
Total equity accounted investments					**8,636.61**	**8,644.64**

Name of Entity	Place of business	% of ownership interest	Relationship	Accounting method	Quoted fair values	
					31 March 2018	31 March 2017
Vadodara Enviro Channel Limited (note 1)	India	28.57%	Associate	Equity Method	*	*
Gujarat Green Revolution Company Limited (note 2)	India	46.87%	Associate	Equity Method	*	*
Karnalyte Resources Inc (note 3)	Canada	21.50%	Associate	Equity Method	1,252.19	2,092.50
Total equity accounted investments					**1,252.19**	**2,092.50**

* Unlisted entity - no quoted price available

1 Vadodara Enviro Channel Limited was formed to administer the safe disposal of treated wastewater through Effluent Channel Project.

2 Gujarat Green Revolution Company Limited (GGRCL) is appointed as a nodal agency by Government of Gujarat, for passing on the subsidy received from the State and the Central Government for installation of Micro Irrigation System (MIS) to farmers in the State of Gujarat.

3 Karnalyte Resources Inc is engaged in development of its property and planned construction of a production facility and development of a potash mine.

Commitments and contingent liabilities in respect of associates

(₹ in Lakhs)

Particulars	31 March 2018	31 March 2017
Commitments - associates	-	-
Contingent liabilities - associates	9,282.30	4,184.94
Total commitments and contingent liabilities	**9,282.30**	**4,184.94**

Summarised financial information for associate

The tables below provide summarised financial information for those associates that are material to the Company. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Company's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

(₹ in Lakhs)

Particulars	31 March 2018			31 March 2017		
	KRI	VECL	GGRCL	KRI	VECL	GGRCL
Total current assets	6066.96	3,258.34	37,226.49	7707.90	3,340.45	37,366.34
Total non-current assets	2944.57	2,934.50	1,475.04	2841.69	2,916.95	2,208.40
Total current liabilities	307.14	483.10	25,777.07	114.22	1,098.58	27,699.09
Total non-current liabilities	91.94	830.71	48.90	75.98	121.52	54.08
Adjustment-Member'Capital Contribution & Capital Reserve	-	3,904.57	-	-	3,904.57	-
Net Assets	**8,612.46**	**974.46**	**12,875.57**	**10,359.40**	**1,132.73**	**11,821.57**

Reconciliation to carrying amounts (₹ in Lakhs)

Particulars	31 March 2018			31 March 2017		
	KRI	VECL	GGRCL	KRI	VECL	GGRCL
Net assets	8,612.46	974.46	12,875.57	10,359.40	1,132.73	11,821.57
Company's Share in %	21.50%	28.57%	46.87%	21.50%	28.57%	46.87%
Company's Share in INR	1,851.68	278.40	6,034.96	2,227.27	323.62	5,540.94
Goodwill/Capital Reserve	734.17	(17.48)	(164.22)	734.17	(17.48)	(164.22)
Adjustment	(65.81)	-	(15.10)	-	-	-
Carrying amount	**2,520.04**	**260.92**	**5,855.64**	**2,961.44**	**306.14**	**5,376.72**

Summarised statement of profit and loss for the year ended on 31 March 2018 (₹ in Lakhs)

Particulars	31 March 2018			31 March 2017		
	KRI	VECL	GGRCL	KRI	VECL	GGRCL
Revenue		1,305.42	1,203.51	-	1,269.40	3,714.27
Profit for the year	(2,087.82)	(160.16)	1,106.88	(3,298.72)	95.48	1,598.04
Other comprehensive income				-	-	-
Total comprehensive income	**(2,087.82)**	**(160.16)**	**1,106.88**	**(3,298.72)**	**95.48**	**1,598.04**
Dividend received			6.25	-	-	6.25

50. ADDITIONAL INFORMATION REQUIRED BY SCHEDULE III

(₹ in Lakhs)

Name of the entity in the group	Net assets (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	As % of consolidated net profit/ (loss)	Amount	As % of consolidated OCI	Amount	As % of consolidated TCI	Amount
Parent								
Gujarat State Fertilisers and Chemicals Limited								
31 March 2018	98.61%	7,20,208.72	98.34%	46,592.45	100.00%	31,656.75	99.00%	78,249.20
31 March 2017	98.66%	6,52,995.16	98.52%	41,816.34	100.00%	75,524.35	99.47%	1,17,340.69
Subsidiaries								
Indian								
GSFC Agrotech Limited								
31 March 2018	0.21%	1,501.73	1.69%	798.66	0.00%	-	1.01%	798.66
31 March 2017	0.04%	254.70	0.27%	114.33	0.00%	-	0.10%	114.33
Gujarat Arogya Seva Pvt. Ltd.								
31 March 2018	0.02%	117.59	-0.03%	(12.41)	0.00%	-	-0.02%	(12.41)
31 March 2017	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Non Controling Interest in above subsidiaries	-0.02%	(123.91)	0.01%	6.09	0.00%	-	0.01%	6.09
Associates (Investments as per the equity method)								
Indian								
Vadodara Enviro Channel Limited								
31 March 2018	0.04%	260.93	-0.10%	(45.22)	0.00%	-	-0.06%	(45.22)
31 March 2017	0.05%	306.15	0.04%	18.23	0.00%	-	0.02%	18.23
Gujarat Green Revolution Company Limited								
31 March 2018	0.80%	5,855.64	1.13%	478.92	0.00%	-	0.61%	478.92
31 March 2017	0.81%	5,376.72	1.56%	662.42	0.00%	-	0.56%	662.42
Foreign								
Karnalyte Resources Inc.								
31 March 2018	0.35%	2,520.04	-1.04%	(441.73)	0.00%	-	-0.56%	(441.73)
31 March 2017	0.45%	2,961.77	-0.39%	(164.92)	0.00%	-	-0.14%	(164.92)
Total								
31 March 2018	100.00%	7,30,340.73	100.00%	47,376.75	100.00%	31,656.75	100.00%	79,039.83
31 March 2017	100.00%	6,61,894.50	100.00%	42,446.40	100.00%	75,524.35	100.00%	1,17,970.75

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
16th May, 2018

D. C. Anjaria
Director

Geeta Goradia
Director

Gandhinagar
16th May, 2018

A M Tiwari
Managing Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

ANNEXURE "A" TO THE CONSOLIDATED FINANCIAL STATEMENT

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

			Amount in ₹
1	Serial No.	1	2
2	Name of the subsidiary	**GSFC Agrotech Limited**	**Gujarat Arogya Seva Pvt. Ltd.**
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not Applicable	Not Applicable
5	Share capital (as on 31.03.2018)	4,80,00,000	2,65,00,000
6	Reserves & surplus (as on 31.03.2018)	(10,21,74,989)	(12,41,802)
7	Total assets (as on 31.03.2018)	85,63,92,091	2,53,40,698
8	Total Liabilities (as on 31.03.2018)	70,62,17,102	82,500
9	Investments (as on 31.03.2018)	1,35,00,000	-
10	Turnover (FY 2017-18)	3,24,76,89,028	-
11	Profit before taxation (FY 2017-18)	11,17,85,529	(12,41,802)
12	Provision for taxation (FY 2017-18)	3,19,18,873	-
13	Profit after taxation (FY 2017-18)	7,98,66,657	(12,41,802)
14	Proposed Dividend (FY 2017-18)	Nil	Nil
15	% of shareholding (as on 31.03.2018)	100% (with nominees)	50.94%

	Notes: The following information shall be furnished at the end of the statement:	
1	Names of subsidiaries which are yet to commence operations	None
2	Names of subsidiaries which have been liquidated or sold during the year.	None

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
16th May, 2018

D. C. Anjaria
Director

Geeta Goradia
Director

Gandhinagar
16th May, 2018

A M Tiwari
Managing Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

	Name of Associates	Gujarat Green Revolution Limited	Vadodara Enviro Channel Limited	Gujarat Data Electronics Limited	Karnalyte Resources Inc.
1	**Latest audited Balance Sheet Date**	31st March, 2017	31st March, 2017	Not available	31st December,2017
2	**Shares of Associates held by the company on the year end**				
	No.	12,50,000	14,302	1,15,000	60,45,861
	Amount of Investment in Associates (₹)	1,25,00,000	20	11,50,000	2,37,68,70,062
	Extend of Holding %	46.87%	28.57%	23.00%	21.50%
3	**Description of how there is significant influence**	Holding more than 20% of the total capital	Holding more than 20% of the total capital	Holding more than 20% of the total capital	Holding more than 20% of the total capital
4	**Reason why the associate is not consolidated**	Not Applicable	Not Applicable	Financial statements are not available and 100% provision for diminution in value of investment has been accounted in the books of GSFC Ltd.	Not Applicable
5	**(i) Networth attributable to Shareholding as per latest audited Balance Sheet**	55,23,67,406	3,24,17,762	Not available	19,38,46,035
	(ii) Networth attributable to Shareholding as per unaudited Balance sheet as on 31/03/2018 (₹)	60,34,96,342	2,78,41,835	Not available	18,52,11,042
6	**Unaudited Profit / Loss for the FY 2017-18 (₹)**	11,06,88,272	(1,60,15,742)	Not available	(20,78,48,570)
	i. Considered in Consolidation (₹)	11,06,88,272	(1,60,15,742)	Not available	(20,78,48,570)
	ii. Not Considered in Consolidation (₹)	-	-	Not available	-

1. Names of associates or joint ventures which are yet to commence operations.	None
2. Names of associates or joint ventures which have been liquidated or sold during the year.	None

In terms of our report attached

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No: 006711N / N500028

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
16th May, 2018

D. C. Anjaria
Director

Geeta Goradia
Director

A M Tiwari
Managing Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

Gandhinagar
16th May, 2018

FOR MEMBERS' ATTENTION

To
Registered Shareholder / Joint Shareholder
Gujarat State Fertilizers & Chemicals Limited

Sub : Compulsory updating KYC details of shareholder/s holding shares in physical mode.

Dear Shareholder,

This has reference to SEBI Circular No. SEBI/HO/MIRSD/DOP1/2018/73 dated 20th April, 2018 & BSE Circular No. LIST/COMP/15/2018-19 dated 5th July 2018 by which all listed companies are directed to record the PAN, Bank Accounts details of all the shareholders/joint shareholders and also advise shareholders to dematerialize securities held in physical format.

Thereafter, SEBI vide Circular No. SEBI/HO/MIRSD/DOS3/CIR/P/2018/115 dated 16th July 2018 clarified that the timeline for sending the initial letter by Registered/Speed Post to physical shareholders has been extended to September 30, 2018 to enable companies to send the initial letter along with Annual Reports/notice of Annual General Meeting. Further, SEBI clarified that subsequently, two reminders may be sent by other modes including ordinary post / courier.

Accordingly, your Company "Gujarat State Fertilizers & Chemicals Limited" through its Registrar & Transfer Agent (RTA) M/s. Link Intime India Private Limited has initiated steps for registering PAN details (including joint shareholder, if any) and the Bank Account details of the shareholders holding shares in physical mode.

In order to serve you better and in adherence to aforesaid Regulatory Guidelines, we request all the shareholders holding shares in physical mode to provide details of your Bank Account, PAN Card (including all joint holders, if any), Phone No./Mobile No. and Email ID in the format as printed on page No. 186 immediately for enabling us to remit your dividend amount directly in your Bank Account.

Further SEBI (LODR) (4th Amendment) Regulations, 2018 has notified vide its Notification No.SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018 that on and from 6th December, 2018 except in case of transmission or transposition of securities, requests for effecting the transfer of securities shall not be processed unless the securities are held in dematerialized form with the Depository. Hence all the shareholders holding shares in physical form are hereby requested to get their physical shares dematerialized.

Thanking you,

Yours faithfully,
For Gujarat State Fertilizers & Chemicals Limited

Sd/-

CS V V Vachhrajani
Company Secretary &
Sr. Vice President (Legal & GST)

FOR MEMBERS' ATTENTION

KYC Form

To
The Company Secretary
Gujarat State Fertilizers & Chemicals Limited.,
Fertilizernagar
Vadodara – 391 750

Sub : Updating the KYC Details of the registered and/or joint holders holding shares in physical mode.

Dear Sir/Madam,

I/We, provide hereunder our Bank Account details, PAN No., Phone No./Mobile No., E-mail ID etc as required in pursuance of guidelines issued by SEBI vide its Circular dated 20th April, 2018.

I/We hereby authorise the Company to credit my/our Dividend on the shares held by me/us under the aforesaid Folio No. directly to my/our Bank Account through National Electronic Clearing System NECS/NACH/NEFT/RTGS. In absence of NECS facility, please print my Bank Account details on the Dividend Warrant/Demand Draft/Banker's Cheque that may be issued/sent to me/us.

Folio No.				
Nameof theBankin Full				
Branch Name				
9Digit**MICR Code**and**11**Digit **IFSC Code** asappearing on theChequeleaf.	**MICR Code:**		**IFSC Code:**	
TypeofAccountwith Code(Pl.tick)	**Savings**	**Current**	**NRO**	**NRE**
BankA/C No. asappearingon theCheque leaf.				
Email id ofShareholder				
AddressofShareholder				
Mobile No. ofShareholder				

	Name	PAN	Signature (as per specimen registered with the Company/ RTA)
First Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Note : Please enclose **original cancelled Cheque leaf/copy of Bank Passbook & self-attested copy of PANCARD (including all joint holders, if any)** for verification details.

Date :

Place :

GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

(CIN : L99999GJ1962PLC001121)

ATTENDANCE CARD

I/We

Folio No.	
D.P. I.D.	
Client I.D.	

hereby record my/our presence at the 56TH ANNUAL GENERAL MEETING of the Company held at **Cultural Centre Auditorium** situate at its Registered Office at **Fertilizernagar, District Vadodara, at 3.30 p.m. on Friday, the 28th September, 2018.**

Signature of the member/proxy/representative attending the meeting ___________________________________

Notes : (i) Please handover this Attendance Card at the entrance to the place of meeting.
(ii) Only Members and in their absence, duly appointed proxies will be allowed for the meeting. Please avoid bringing non-members/children to the meeting.

GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

(CIN : L99999GJ1962PLC001121)

Registered Office: Fertilizernagar - 391 750, Dist. Vadodara.
E-mail: vishvesh@gsfcltd.com, Website: www.gsfclimited.com

56TH ANNUAL GENERAL MEETING

Friday, September 28, 2018 at 3.30 p.m.

FORM NO. MGT - 11

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(s) of Shareholder(s): ___________________________ Registered Address: ______________________

______________________ Email ID: __________________ Folio No. / DP ID / Client ID: ______________________

I / We, being the Member(s) holding ____________ equity shares of the above named Company, hereby appoint the following as my / our proxy to attend and vote (on a poll) for me/us and on my /our behalf at the 56th Annual General Meeting of the Company, to be held on Friday, the 28th September, 2018 at 3.30 pm at the Registered Office of the Company at Cultural Centre Auditorium, Fertilizernagar - 391 750 and at any adjournment thereof in respect of such resolutions as are indicated below:

(1) Name ______________________ Address ______________________
E-mail ID: ______________________ Signature ______________________ or failing him/her

(2) Name ______________________ Address ______________________
E-mail ID: ______________________ Signature ______________________ or failing him/her

(3) Name ______________________ Address ______________________
E-mail ID: ______________________ Signature ______________________

Resolution No.	Resolutions	Optional*	
		For	Against
Ordinary Business			
1.	To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2018 and the Reports of the Board of Directors and the Auditors thereon.		
2.	Declaration of Dividend on equity shares for the Financial Year ended on 31st March, 2018.		
3.	Re-appointment of Shri Arvind Agarwal, who retires by rotation and being eligible, offers himself for reappointment.		
Special Business			
4.	Ratification of Remuneration of Cost Auditors for the Financial Year 2018-19.		
5.	To appoint Shri Sujit Gulati, IAS as Managing Director of the Company and to approve terms & conditions of remuneration & perquisites.		

Signed this ________________ day of ________________ 2018

Member's Folio/ DP ID- Client ID No. ____________________

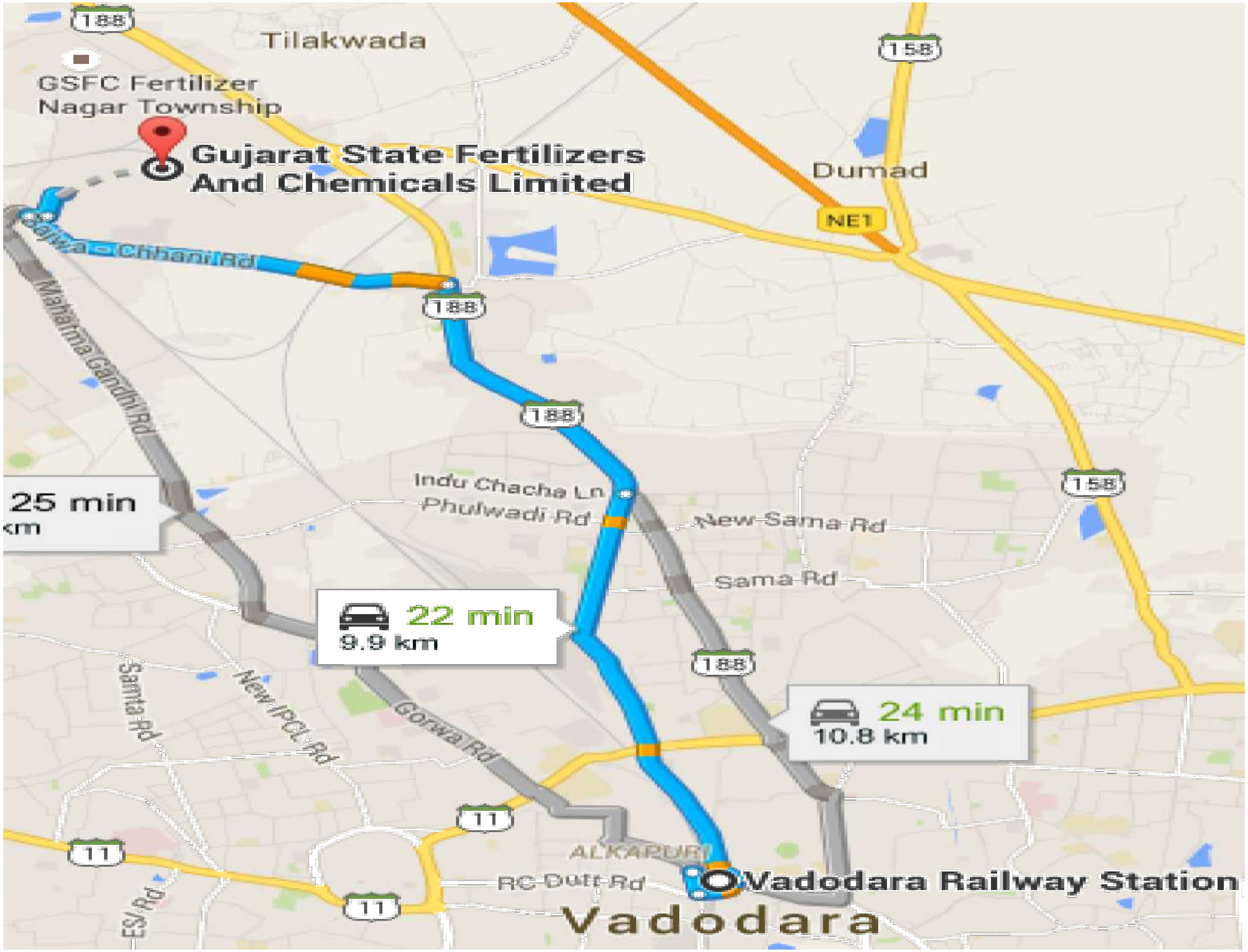
Signature of shareholder(s)____________________________

Signature of Proxy holder(s)___________________________

Affix Revenue Stamp Re. 1/-

Note: 1. This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than forty eight (48) hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 56th Annual General Meeting.
*3. It is optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/ she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

ROUTE MAP OF VENUE OF 56TH ANNUAL GENERAL MEETING



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Sulphur

- Sulphur is recognized as 4th major plant nutrient after N, P & K for sustainable agriculture. More than 75% of the Indian soil is Sulphur deficient and it is severely impacting the crop yield as well as the quality of the farm produce.
- Recognizing this aspect, your Company, which is the largest supplier of Sulphur based fertilizers in India (About 1.3 MMT) has taken up a special campaign to promote Sulphur based products like AS, APS, Phospho Gypsum, Bentonite Sulphur etc.

NPK

- In order to keep the soil productive in a long run, it is imperative to ensure balanced use of all the essential plant nutrients.
- Excessive use of Nitrogen especially through Urea, moderate use of Potash & excessive use of high analysis fertilizers over the years has distorted the NPK ratio in the Indian soil.
- Recognizing this aspect, your Company, has started manufacturing NPK fertilizers – NPK12 & NPK10 at Sikka unit, besides APS on regular basis & has taken up special campaign to promote use of NPK fertilizers.

Water Soluble Fertilizers (WSF)

- Water Soluble Fertilizers are the new age fertilizers, having 100% solubility which gives high use efficiency as compared to conventional bulk fertilizers. With the introduction of the micro irrigation system in India and the level of awareness among the Farmers, the demand for WSF is on acclivity.
- GSFC has set-up its own WSF plant with a capacity of 20,000 MTPA and supplying a range of WSF products to the Farmers under its umbrella brand "Sardar".
- In order to popularize the usage of WSF and create its demand from grass-root level, GSFC has taken up a special campaign.

Sardar Amin Granules (SAG)

- GSFC has got plant protein-based products called Sardar Amin Granules & Sardar Amin Liquid containing N, P, K, Zn, Mn & Fe, which helps in improving farm yield & quality.
- The product has proven its efficiency on all major cropping patterns over past years and is widely accepted amongst Farmers.
- GSFC has taken a special campaign to demonstrate its cost economics in agriculture in various states through well-planned field campaigns.

Aiming to enhance the visibility of these products and to exploit their market potential further, from past two sowing seasons across the Country, the Company's field team is taking up vigorous Crop Seminars, Farmer Meetings and Crop Demonstrations, Seminars in collaboration with Universities and State research wings, etc. They have been using Mobile Van campaigns, literature distribution etc. and putting concentrated efforts to educate the Farmers for adoption of new and contemporary farming techniques.

Testaments to our Commitment