



Shaping the future of Indian Agriculture

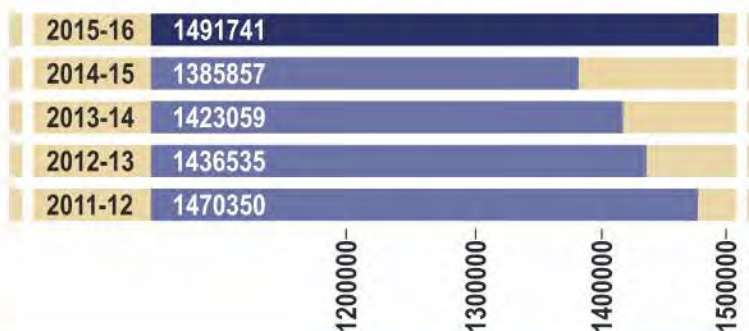


54th Annual Report
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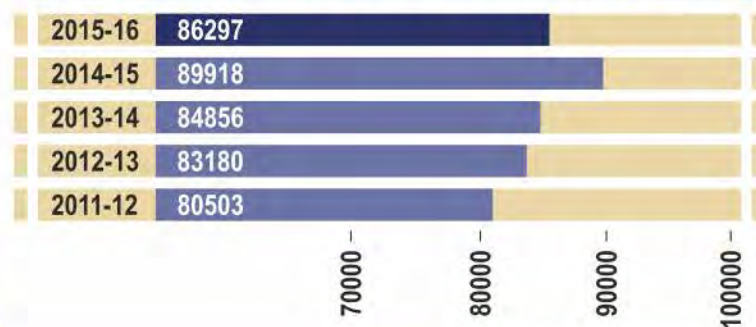


PERFORMANCE HIGHLIGHTS

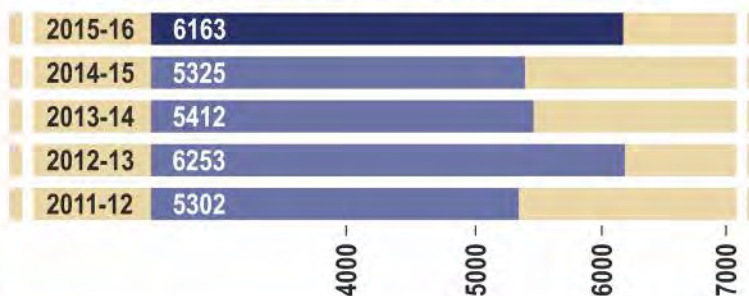
PRODUCTION (FERTILIZERS) IN MTs



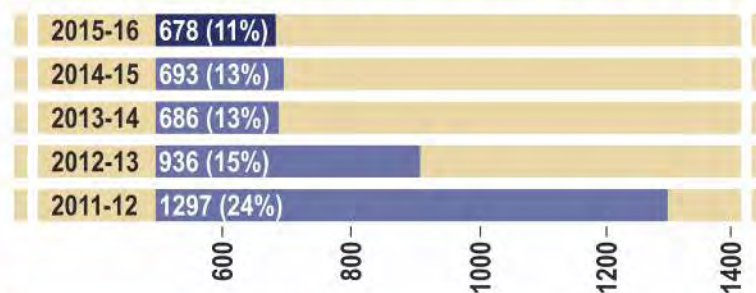
PRODUCTION (CAPROLACTAM) IN MTs



NET SALES (₹ Crores)



OPERATING PROFIT (EBIDTA) (₹ Crores)



GSFC AT A GLANCE & JOURNEY SO FAR

Evolving. Involving.

21st century - India is keen on achieving harmonious balance between the agrarian and industrial sectors of its economy. GSFC's emergence in 1962 was originally to boost the latter field. However, ever since the introduction of fertilizers in the early sixties and the industrial chemicals later, GSFC has always been

insightful and innovative about the Country's vital demands. That's how the Company has become a front runner in its twin cores. While its brand "SARDAR" of fertilizers got triggered and supports in a big way the Country's agricultural productivity surge, the chemicals that GSFC manufacture, goes into countless products for use of millions of people. GSFC is thus, enriching the economy, and the lives of common man.



NEW UPDATES ON PRODUCTS & PLANTS

Blooming Big. Expansions & Endeavors.

GSFC, as a company possesses, exemplary foresight. Our constant initiatives and endeavours today keep us future ready. We have increased production in almost the entire spectrum of our fertilizers during the year. Production and product expansions were in full fledge. Some of the innovative new products developed through in house research saw the light of day.

FERTILIZERS:

GSFC, in its constant endeavours globetrotting to expand its wings in all such parts of the globe where it can reap the benefits of its rich experience of over five decades. At home in India, our two Urea manufacturing plants have made the record production of 411431 tonnes during the FY 2015-16. It is worth mentioning that we achieved increased production for most of our fertilizers over the last year. Expansion in terms of production volume is also

envisaged for Water Soluble Fertilizers, Liquid Bio-fertilizers, Seeds and Tissue Culture products and is all set to enhance GSFC's overall fertilizer product portfolio.



CHEMICALS:

Through a competitive bidding process, GSFC has awarded a Rs. 650 crore EPC Contract to M/s L&T Hydrocarbon Engineering (LTHE) for setting up a 40000 MTPA Melamine Plant at our Vadodara Complex. LTHE will carry out extended basic engineering, detailed engineering, procurement, supply, transportation, storage, fabrication, inspection, installation, testing, mechanical completion, pre-commissioning and commissioning of the unit. M/s. Casale SA of Switzerland will provide the energy efficient technology for the Melamine plant. With the expansion, GSFC will continue to be the largest producer of Melamine in India and this will reduce the import-dependency for Melamine in India.

Adding another jewel to its legacy of innovative products crown, GSFC has launched GUJCON CRF and PRF. These virgin Nylon-6 fibres are capable to revolutionize road and building infrastructure by providing secondary reinforcement to all construction applications. These breakthrough products increase the serviceability, durability and life of the structures by preventing occurrence of shrinkage cracks and water seepage and by enhancing performance properties viz. wear / impact / shock load / abrasion resistance.

In what could be more examples of GSFC's consumer first commitment, developing one of the largest hubs for Phosphatic and complex fertilizers in India is fast nearing completion at Sikka. At Vadodara, a new Nylon-6 plant is turning into reality, thus substantially increasing production capacities. Another new plant for water soluble fertilizers is also taking shape. Furthermore, production capacities for Phosphoric Acid, Sulphuric Acid, Ammonia, Urea, Caprolactam, Melamine, MMA, and PMMA are all planned to be set up at different locations in Gujarat.



FINANCIAL HIGHLIGHTS 2015-16

The year under review witnessed a new development. The production of Caprolactam, the major contributor to the company's bottom-line, recorded at 86297 MT as compared to 89918 MT in 2014-15. Annual production of Cyclohexane, Cyclohexanone HAS and HX-1 too created new records.

On the fertilizer front Ammonium Phosphate production of 334072 MT, Urea production of 355402 MT and Ammonium Sulphate production of 329778 MT was highest in last five years.

The results of FY 2015-16 as compared to FY 2014-15 are as under:

- The revenue from operations (turnover) during FY 2015-16 is Rs 6163 crores compared to the revenue of Rs 5325 crores in FY 2014-15.
- Trading of products increased from Rs 396 crores in FY 2014-15 to Rs 736 crores in FY 2015-16, a rise of 86% due to higher trading of imported DAP and Methanol.
- The Earnings before Interest Depreciation and taxes for the year 2015-16 is Rs 678 crores, with operating profit margin being 13%. The Net profit

stood at Rs 379 crores as against Rs 400 crores in 2014-15, which is a decrease of Rs 21 crores. The cash profit (net profit before depreciation and deferred taxation) during 2015-16 is Rs 460 crores compared to Rs 516 crores in 2014-15.

- However the way forward looks positive and the reason being there is now uniform (pooled) gas price for our operations. So, the cost for products which are interrelated may not be very high.
- There is also a new development. The Government of India has accepted a proposal of GSFC shifting to the production of 100 percent Neem Coated urea. This will prevent the diversion of Urea for chemical and industrial uses.
- The earnings per share (EPS) for the year 2015-16 work out to Rs 9.52 as against Rs 10.05 during the previous period (Based on Face value of Rs 2 per share). The return on equity works out to 7.83%.
- The company with a Debt Equity Ratio of 0.25.1 is virtually debt free. The book value per share is Rs 121.55.



GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

[Corporate Identity Number (CIN) : L99999GJ1962PLC001121]

54TH ANNUAL GENERAL MEETING

Date : 17th September, 2016
Day : Saturday
Time : 3.00 p.m.
Place : Cultural Centre Auditorium
Fertilizernagar Township
Fertilizernagar - 391 750
District Vadodara

BOARD OF DIRECTORS (As on 27-07-2016)

SHRI G. R. ALORIA *Chairman*
SHRI D. C. ANJARIA
PROF. VASANT P. GANDHI
SHRI AJAY N. SHAH
SHRI VIJAI KAPOOR
SMT. GEETA GORADIA
SHRI L. CHUAUNGO (upto 27-06-2016)
SHRI SUJIT GULATI (w.e.f. 25-07-2016)
DR. J. N. SINGH
SHRI A. M. TIWARI *Managing Director*

ADVISOR

SHRI J. N. HATHI

SR. VICE PRESIDENT (FINANCE) & CFO

SHRI V. D. NANAVATY

SR. VICE PRESIDENTS

MS. F. M. DAYAMAKUMAR
DR. Y. P. SINGH
SHRI S. P. YADAV
SHRI D. R. DAVE
SHRI N. J. SHETH
SHRI H D DALSANIA
SMT. A. P. GANGULI
SHRI S. V. VARMA

COMPANY SECRETARY & VICE PRESIDENT (LEGAL)

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.
Royal Bank of Scotland N.V.

LEGAL ADVISORS AND ADVOCATES

M/s. Nanavati & Nanavati, Advocates, Ahmedabad
M/s. Nanavati Associates, Advocates, Ahmedabad
Jaideep B. Verma, Advocate, Vadodara

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells, Vadodara

COST AUDITORS

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

SECRETARIAL AUDITORS

Niraj Trivedi, 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

FOR MEMBERS' ATTENTION

- 1 The Register of Members and the Share Transfer Books of the Company shall remain closed from Saturday, the 3rd September, 2016 to Saturday, the 17th September, 2016 (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 and from 23rd September, 2016, 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 3rd September, 2016.

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, 2016 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-fourth Annual General Meeting** of the Members of the Company will be held at the Cultural Centre Auditorium situate at the Registered Office of the Company at Fertilizernagar – 391 750, Dist. Vadodara on **Saturday, the 17th September, 2016 at 15.00 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, 2016, 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, 2016.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri Sujit Gulati, IAS (DIN: 00177274), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass the following resolution with or without modifications, as an **Ordinary Resolution**:
“RESOLVED that pursuant to Section 139 (2) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, appointment of M/s Deloitte Haskins & Sells, Chartered Accountants, Vadodara (Firm Registration No. 117364W) be and is hereby ratified as auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors of the Company.

Special Business

5. To approve the remuneration of the Cost Auditors for the Financial Year ending 31st March, 2017 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, 2017 be paid the remuneration of Rs. 4,80,000/- plus service tax and reasonable out of pocket and traveling expenses.
6. To appoint Shri A.M.Tiwari, IAS as Managing Director of the Company and to approve terms & conditions of remuneration & perquisites of Shri A.M. Tiwari, 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 A.M. Tiwari, IAS as Managing Director of the Company on the terms & conditions as to 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 any year during his tenure.
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 A.M.Tiwari, 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 &
Vice President (Legal)

Place : Fertilizernagar
Date : 27.07.2016

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 31-03-2008 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
35	2008-09	25-09-2009	30-10-2016
36	2009-10	24-09-2010	29-10-2017
37	2010-11	17-09-2011	22-10-2018
38	2011-12	04-08-2012	09-09-2019
39	2012-13	03-08-2013	08-09-2020
40	2013-14	08-08-2014	13-09-2021
41	2014-15	16-09-2015	21-10-2022

Members who have not yet encashed their dividend warrant (s) for the Financial Year ended 31-03-2009 to 31-03-2015, are requested to lodge their claims to the Company accordingly, without any delay.

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 Regulation 44 of SEBI (LODR) Regulations, 2015 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 not 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.

NOTES (Contd..)

- 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 10, 2016.
- 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 10, 2016 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 10, 2016, 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.cdslindia.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 14, 2016
End of remote e-voting: up to 5.00 P.M. on September 16, 2016.
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.cdslindia.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 17, 2016.
- I. 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.

NOTES (Contd..)

- (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) 160802020 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) 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.

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

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

ANNEXURE TO THE NOTICE

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

ITEM NO. 04

M/s Deloitte Haskins & Sells, Chartered Accountants, Vadodara were appointed Statutory Auditors of the Company at the last Annual General Meeting (AGM) from the conclusion of 52nd Annual General Meeting and till the conclusion of the 55th Annual General Meeting.

The Company has received a written consent / letter from M/s Deloitte Haskins & Sells, Chartered Accountants, Vadodara to the effect that their re-appointment if made, would be in accordance with the conditions prescribed under section 139 (2) of the Companies Act, 2013 and a certificate confirming that they are not disqualified for such re-appointment within the meaning of Section 141 of the said Act.

Since the ratification in every annual general meeting till the period of their appointment is required, your Directors recommend the proposed resolution for your ratification.

None of the Directors or Key Managerial Personnel of the Company or their relatives is/are, in any way, concerned or interested, in the resolution set out at Item No. 4. This Explanatory Statement may also be regarded as a disclosure under Listing Regulations with the Stock Exchanges with which the shares of the Company are listed.

ITEM NO. 05

The Board, on recommendation of the Audit Committee, has approved the appointment 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, 2017 at a fee as provided 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 passing an ordinary resolution as set out at item no. 5 of the notice for ratification of the remuneration payable to the cost auditors for the Financial Year ending March 31, 2017.

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. 06

As per Govt. of Gujarat Order No. AIS/45.2016/63759/G dated 30/01/2016, Shri A.M.Tiwari, IAS was appointed as Managing Director of the Company vice Dr. S. K. Nanda, IAS. Shri A.M. Tiwari assumed charge as the Managing Director of the Company on 01/02/2016.

Shri A M Tiwari is a Senior IAS Officer of 1985 batch having experience of more than two decades in the State Education, Tribal and Rural Development, Mines and Geology, Transport and Administration. He had a stint as the Executive Director of SWA-Shakti Project in the department of Women and Child Development in the Ministry of HRD, Government of India. He was also the Managing Director of Gujarat Narmada Valley Fertilizers and Chemicals Ltd.

Govt. of Gujarat vide resolution no. GSF/1098/1620/E dated 05/03/2016 prescribed the terms & conditions as to remuneration in respect of Shri A.M. Tiwari and the same shall be as per the recommendation of Nomination and Remuneration Committee and also be subjected to approval of the Board of Directors.

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

The terms & conditions of appointment and particulars of remuneration and perquisites paid/ payable to Shri A.M. Tiwari are as follows:-

1. Period of Duration:

Shri A.M. Tiwari, IAS, is sent 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 A.M. Tiwari, 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/35/2016/5/G dated 17th February, 2016.

ANNEXURE TO THE NOTICE (Contd..)

3. **Dearness Allowance:**
Shri A.M. Tiwari, 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 A.M. Tiwari, 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. **House Rent Allowance/ Accommodation License Fee:**
Shri A.M. Tiwari, 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 A.M. Tiwari, IAS will be entitled to Transfer TA and Joining Time both on joining the post of Appointment and on reversion under the rules of organization to which he is deputed and which shall not be inferior to the relevant provisions of the AIS Rules. The expenditure on this account will be borne by the organization.
7. **TA and DA Journey on duty:**
Shri A.M. Tiwari, 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 A.M. Tiwari, 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 A.M. Tiwari, 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 A.M. Tiwari, 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 A.M. Tiwari, 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 A.M. Tiwari, 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 A.M. Tiwari, 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 A.M. Tiwari, 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

ANNEXURE TO THE NOTICE (Contd..)

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.III83 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 A.M. Tiwari, 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 A.M. Tiwari, 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 A.M. Tiwari, IAS remains on deputation with the Company. On reversion from Appointment, he will be governed by the relevant rules laid down for All India Services Officers.

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

Except Shri A.M. Tiwari, 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. 6. Brief profile of Shri A. M. Tiwari in terms of regulation 36(3) of SEBI (LODR) Regulations, 2015 is provided as Annexure to the Notice.

Place : Fertilizernagar
Date : 27.07.2016

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

ANNEXURE TO THE NOTICE (Contd..)

BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

(In pursuance of Regulation 36(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Name in Full	Shri Anandmohan Tiwari, IAS	Shri Sujit Gulati, IAS	Shri G. R. Aloria, IAS
DIN	02986260	00177274	02913711
Birth Date	3 rd June, 1959	22 nd November, 1959	6 th July, 1956
Qualification	IAS	Mechanical Engineer, IAS	Graduate in Economics and Law, IAS
Status	Executive Director	Non Executive Rotational Director	Non Executive Director
Date of Appointment	01-02-2016	25-07-2016	03-05-2016
Self & Family Members Shareholding in GSFC Ltd.	Nil	Nil	Nil
Directorship (Other than Gujarat State Fertilizers and Chemicals Limited)	1. Gujarat Green Revolution Company Limited 2. GSFC Agrotech Limited 3. Indian Potash Limited 4. Tunisian Indian Fertilizers (TIFERT)	1. Gujarat Industries Power Company Limited	1. Gujarat Alkalies and Chemicals Limited 2. Gujarat Narmada Valley Fertilizers & Chemicals Limited 3. Gujarat State Petroleum Corporation Limited 4. Sardar Sarovar Narmada Nigam Limited 5. GSPC LNG Limited 6. Gujarat Gas Limited 7. DREAM City Company Limited
Membership / Chairmanships of companies (includes only Audit & Stakeholders Relationship Committee)	1. Gujarat State Fertilizers and Chemicals Limited - Member - Stakeholders Relationship Committee	-	-
Brief Profile covering experience	<p>Shri A M Tiwari is a Senior IAS Officer of 1985 batch having experience of more than two decades in the State Education, Tribal and Rural Development, Mines and Geology, Transport and Administration.</p> <p>He had a stint as the Executive Director of SWA-Shakti Project in the department of Women and Child Development in the Ministry of HRD, Government of India. He was also the Managing Director of Gujarat Narmada Valley Fertilizers & Chemicals Ltd. and Gujarat Alkalies & Chemicals Ltd.</p>	<p>Shri Sujit Gulati, IAS is Mechanical Engineer and Indian Administrative Officer of Gujarat Cadre since 1985. He is having varied and rich experience and has served as Joint Secretary and Financial Advisor, Ministry of Mines of Government of India. He has held key positions in the various Departments/ Ministries of Government of Gujarat. He has served as Director in various companies including Digjam Ltd., National Textile Corporation Limited, Gujarat Mineral Development Corporation Limited, Coal India Ltd, Bharat Aluminium Company Limited, Hindustan Zinc Ltd. and Gujarat Chemicals Port Terminal Company Limited. Shri Sujit Gulati, IAS is presently Additional Chief Secretary, Energy and Petrochemicals Department Government of Gujarat.</p>	<p>Shri G R Aloria, IAS is Chief Secretary to Government of Gujarat. He is a Graduate in Economics and Law. Shri Aloria has wide experience in public administration. He has very rich and varied experience of more than 34 years as Collector and District Magistrate, Valsad; Municipal Commissioner, Rajkot & Vadodara; Commissioner, Gujarat Housing Board; Vice Chairman & Managing Director, Gujarat State Road Transport Corporation; Commissioner, Revenue Department; Joint Managing Director, Sardar Sarovar Narmada Nigam Ltd.; Principal Secretary & Addl. Chief Secretary, Urban Development & Urban Housing Dept. and Addl. Chief Secretary, Ports & Transport Dept. & Home Dept. to Government of Gujarat.</p>

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting their 54th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2016.

1. Financial highlights of the Company

(Rs. in Crores)

Sr. No.	Particulars	Standalone		Consolidated	
		2015-16	2014-15	2015-16	2014-15
1	Gross Sales	6378.76	5576.19	6378.76	5576.19
	Less : Excise Duty Recovered	215.44	251.62	215.43	251.62
	Net Sales	6163.33	5324.57	6163.33	5324.57
2	Other Income	64.83	101.93	64.21	101.19
3	Total Revenue	6228.16	5426.50	6227.54	5425.76
4	Less : Operating Expenses	5550.14	4733.92	5548.49	4732.36
5	Operating Profit	678.02	692.58	679.05	693.40
6	Less : Finance Cost	30.21	18.01	30.21	18.01
7	Gross Profit	647.81	674.57	648.84	675.40
8	Less : Depreciation	100.69	100.66	100.72	100.68
9	Exceptional Item	0.00	0.00	0.00	0.00
10	Profit before taxes	547.13	573.91	548.12	574.72
11	Taxation				
	- Current Tax	188.06	158.92	188.43	159.31
	- Deferred Tax (net)	(20.28)	14.48	(20.16)	14.49
12	Profit after taxes	379.35	400.51	379.85	400.92
13	Balance brought forward from last year	321.83	286.83	363.00	319.02
14	Amount available for appropriations	701.18	687.34	750.43	728.51
15	Out of which, your Directors have proposed appropriation and transfer as under :				
	a) Proposed Dividend on Equity shares	87.66	87.66	87.66	87.66
	b) Tax on Proposed Dividend	17.85	17.85	17.85	17.85
	c) General Reserve	270.00	260.00	270.00	260.00
16	Leaving a balance in the Profit & Loss Account	325.67	321.83	374.92	363.00

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, 2016. 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 3rd September, 2016.

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.6163 Crores for the year ended March 31, 2016 as against Rs. 5325 Crores (FY 14-15) on standalone basis, at a growth rate of 15.74% (Rs.838 Crores) when compared to the previous Financial Year.

DIRECTORS' REPORT (Contd..)

Similarly, for the FY 2015-16, Profit before Tax (PBT) was Rs. 547.13 Crores and Net Profit (Profit after Tax) was Rs. 379.35 Crores as against PBT of Rs. 573.91 Crores and PAT of Rs. 400.51 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

The Company has an internal Control System, commensurate with the size, scale and complexity of its operation. The Scope and authority of the internal audit functions lies with the Audit Committee. 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 Company's Subsidiary Company or Associate Company.

Subsidiary Company - GSFC Agrotech Limited.

Associate Companies – Vadodara Enviro Channel Limited

Gujarat Green Revolution Company 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 Listing Agreement.

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., Kolkata, was made, however, the approval for delisting is still awaited. The listing fees for the FY 16-17 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, 96.87% 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. Fixed Deposits

During the year 2015-16, your Company has not accepted/ renewed any Fixed Deposit. Your Directors wish to report that there are 19 Fixed Deposits aggregating Rs. 1.92 Lakhs which have remained unclaimed by Depositors, as on 31st March, 2016. Letters reminding them to seek repayment have been sent. Upto and including the date of this report, 13 deposits amounting to Rs. 1.29 Lakhs have been repaid.

During the year, the Company has transferred a sum of Rs. 8.12 Lakhs 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.

DIRECTORS' REPORT (Contd..)

11. 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.

12. Expansion & Diversification

Your Directors are happy to inform that the project for enhancing production capacity of Nylon-6 chips by 15,000 MTPA at Vadodara Unit, based on the technology supplied by M/s Lurgi, Germany and detail engineering by M/s Tata Consulting Engineers Ltd., India has reached the stage of commissioning and its Guarantee Test Run at full capacity is expected by end August, 2016. In order to enhance the marketability and profitability of Nylon-6 chips, the company has taken up installation of Dry Blending Unit (DBU) concurrently in the Nylon-6 Project to produce lubricated and nucleated grades of Nylon-6 chips for Film grade application based on technology supplied by M/s Polymer Engineering GmbH-Germany. DBU is under construction phase and is expected to be commissioned by 3rd quarter of FY 2016-17.

Your Directors further wish to inform that the Water Soluble Fertilizer (WSF) Project of 20,000 MTPA capacity at Vadodara Unit had a tie-up for project execution with M/s. Hindustan Dorr-Oliver (HDO). Due to financial constraints of HDO, GSFC was compelled to take upon itself the completion of the plant in mid June, 2016 and the same is expected to be commissioned shortly.

Your Directors also wish to inform that the contract with M/s HDO for setting up of the 4th train (D Train) with approx. 5 Lakh MTPA of DAP / NPK Fertilizers at Sikka Unit, Dist. Jamnagar (SU) was terminated in April, 2016 due to extremely poor performance of the party and the Company is currently considering various options including revival of its execution by another competent party.

Your Company is also setting up Associated Additional Facilities related to DAP/NPK plant at Sikka Unit, Dist. Jamnagar (SU) for which M/s. TKIS (UIPL) is hired to provide engineering services. Implementation of these facilities will provide flexibility to produce 3 different grade of NPK fertilizers concurrently which will help in enhancing the sales of the Company. This project is slated to be commissioned by first quarter of 2017-18.

Your Directors are happy to inform that the 40,000 MTPA Melamine Project at Vadodara Unit based on technology supplied by M/s Casale of Switzerland has reached the detail engineering & construction stage. Your Company has awarded the contract for execution of this project on EPC basis to M/s L&T Hydrocarbon Engineering on 30th March, 2016 and it is expected that this new plant will be operational in the second quarter of 2018-19.

Your Directors are happy to inform that the Company has also awarded the job for installation of two numbers of 10,000 MT capacity Phosphoric Acid Tanks at Sikka Shore Terminal on Lump Sum Turn Key (LSTK) basis to M/s Simon India Limited and the Project is planned to be completed by fourth quarter of 2016-17.

Your Directors are happy to inform that the Company has also awarded Caprolactam Quality improvement Project to M/s Simon India Limited on EPC basis and the Project is planned to be completed by fourth quarter of 2016-17. This will improve the quality of Caprolactam produced at Caprolactam- I plant.

Your Directors are pleased to inform that the Company has ambitious plans of setting up a large capacity Fertilizers & Petrochemicals Complex at Dahej for which Land acquisition and its development have already been completed. Your Company is presently in the process of technology selection for various projects like - Caprolactam, Methyl Methacrylate etc. along with the feasibility of each project.

Your Directors would also like to inform that the Company is evaluating the proposal for setting up of Ammonia - Urea Fertilizer Complex at Chabbar in Iran as a consortium partner with RCF, in line with the initiative taken by Government of India.

In order to make your Company more competitive in current market scenario, it has taken preliminary feasibility study for various projects like establishing an Ammonia-Urea Complex in Republic of Congo (RoC) which is being supported by Govt. of RoC, a Sulphuric Acid & Phosphoric Acid complex at its Sikka unit for increasing availability of key raw materials, enhancing the port infrastructure at Sikka Jetty for handling solid and liquid cargos, debottlenecking of key operating plants like Ammonia-III & IV for enhancing capacity, Urea revamping for energy saving etc.

DIRECTORS' REPORT (Contd..)

13. 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.

14. 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 annexed as Annexure A. CSR Policy adopted by the company is placed on the company's website www.gsfclimited.com.

15. Directors

A) Changes in Directors and Key Managerial Personnel

Managing Director – Executive Director

During the year, Shri A.M. Tiwari, IAS has been nominated as Managing Director of the Company w.e.f. 01.02.2016 in place of Dr. S. K. Nanda, IAS, Chairman and Managing Director till 31.01.2016. Accordingly, resolution relating to his appointment and terms & conditions relating to his appointment are included in the notice convening the 54th Annual General Meeting and is recommended for your approval.

Shri G. R. Aloria has been nominated as Chairman w.e.f. 03.05.2016 in place of Dr. S. K. Nanda, IAS (Retd.).

Shri L Chuaungo, IAS has been appointed w.e.f. 08.04.2015 as a rotational director. Consequent upon his transfer from Energy & Petrochemicals Department of Government of Gujarat, he has tendered his resignation on 27.06.2016 and hence ceased to be the Director of the Company. Shri Sujit Gulati, IAS has been appointed w.e.f. 25.07.2016 as a rotational director in place of Shri L Chuaungo. Shri Sujit Gulati 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 54th Annual General Meeting is annexed to the Notice convening the 54th Annual General Meeting, which forms the integral part of this Annual Report.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 read with Schedule IV, all the Independent Directors have submitted their declaration of independence and the same has been taken on record by the Board of Directors.

B) Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, 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, Seven 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.

DIRECTORS' REPORT (Contd..)

16. 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.

17. 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. (Please refer to note 12,13,14 to the standalone financial statement).

18. 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.

19. 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.

20. 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.

21. 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.

22. Auditors

(a) Statutory Auditors

M/s Deloitte Haskins & Sells, Chartered Accountants, Vadodara were appointed as Statutory Auditors of the Company for a term of three consecutive years i.e. from 2014-15 to 2016-17. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. The Company has received a letter from M/s Deloitte Haskins & Sells,

DIRECTORS' REPORT (Contd..)

Chartered Accountants, Vadodara (Firm Registration No. 117364W) to the effect that their re-appointment, if made, would be in accordance with the conditions prescribed under section 139 (2) of the Companies Act, 2013 and they are not disqualified for such re-appointment within the meaning of Section 141 of the said Act. Your Directors recommend the ratification of Resolution for re-appointment and fixation of remuneration to the Statutory Auditors for the F.Y. 2016-17.

(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 2016-17. The remuneration proposed to be paid to the Cost Auditor is placed for your ratification at the ensuing 54th Annual General Meeting. The Cost Auditors for the F.Y. 2014-15 was filed within stipulated time.

(c) Internal Auditors:

Your Company has appointed M/s K. C. Mehta & Co., Chartered Accountants, Vadodara, as Internal Auditors for carrying out the Internal Audit of Baroda Unit & Sikka Unit for F.Y. 2016-17. 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 Fibre 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.

23. Auditors' Report

There are no comments/ observations from the Auditors and hence no clarifications need to be given on their clean report.

24. Extract of the annual return

The extract of the annual return in Form No. MGT – 9 is annexed herewith as Annexure C.

25. Human Resources

Your directors are happy to acknowledge that the well positioned human resource of the Company have been key drivers in implementing ideas, policies, 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.

26. 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

Place: Fertilizernagar
Date : 27.07.2016

Sd/-
G. R. Aloria, IAS
Chairman

ANNEXURE "A" TO DIRECTORS' REPORT

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

- 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 being 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.

Vision

GSFC will continue to enhance value creation in the society in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate Citizen with utmost environmental concern. The Ultimate Objective of CSR activities at GSFC are to improve the "*Human Development Index*."

Objective

To ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.

The CSR Projects and Programmes will be identified and funds allocated, on a yearly basis, as per the need assessment, specific to the location, target beneficiary and agency partnering for the implementation, Roll-on CSR projects, will be identified separately, and executed in a phased manner. The same will be approved by the CSR Board Level Committee and implemented on the directions of Managing Director.

Web link: www.gsfclimited.com

- The present Composition of the CSR Committee:**

Sr.	Name	Category
1	Shri J N Singh	Chairman
2	Shri A M Tiwari	Member
3	Shri D C Anjaria	Member
4	Smt. Geeta Goradia	Member
5	Shri L Chuaungo	Member

- Average net profit of the company for last three Financial Years :**

Rs. 611.10 Crores

- Prescribed CSR Expenditure (two percent of the amount as in item 3 above):**

Rs. 12.22/- Crore (i.e. 2% of Rs. 611.10 Crores).

- Details of CSR spent during the Financial Year :**

- Total amount to be spent for the Financial Year: Rs. 12.22 Crore.
- Amount unspent, if any: Not Applicable

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

(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	GSFC University (under GSFC Education Society)	Education	3,00,00,000	2,85,00,000	12,33,31,000
2	Rejuvenation of Ajwa Garden	Maintaining ecological balance	2,00,81,065	2,15,81,065	2,25,36,125
3	Expenses towards Fertilizernagar School	Promoting Education	1,00,48,000	96,48,000	2,21,48,000
4	Contribution to Mid-Day Meal Scheme	Eradicating Hunger and Malnutrition	55,00,000	55,00,000	1,67,88,000
5	Construction of HSL (Household Sanitary Latrines)	Sanitation	2,61,80,000	2,61,80,000	3,23,30,000
6	Providing Drinking Water Facility	Safe Drinking Water	92,80,985	92,80,985	3,75,00,000
7	CSR Projects at Sikka Unit	Sanitation, Nutrition, Education etc.	1,19,29,534	1,19,29,534	1,36,29,534
8	Contribution and Donation	Education, Health, Women Empowerment	92,00,416	96,00,416	1,51,00,416
Total			12,22,20,000	12,22,20,000	28,33,63,075

Note:

1. Contribution made at Sr. No. 4 is through The Akshaya Patra Foundation, Sr. No. 05 through SVADES and Shroffs Foundation Trust.
 2. Sr. No. 7, 8 and 10 of CSR Report of 2014-15 are not shown in this report as expenses were not incurred in those heads. (Sr. No. 7 Rural Development Projects: Rs. 90 Lakh, Sr. No. 8 Contingencies: Rs. 21.26 Lakh and Sr. No. 10 Maintaining Ecological Balance: Rs. 2.80 Crore)
 3. The cost of drinking water to GSFC is Rs. 2.13 Crore, however this is an approximate calculation hence only Rs. 92.81 Lakh is shown in above table, the same was ordered by High Court to provide for 4 villages.
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/- Managing Director and Chairman CSR Committee
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ANNEXURE "B" TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 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, 2016** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of 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: We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for 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

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

- 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.

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 the company has not has taken any actions or entered into any events having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

Place: Vadodara
Date: 27.07.2016

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: 27.07.2016

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 31.03.2016

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

I. REGISTRATION AND OTHER DETAILS:

i	CIN:-	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	<table><tr><td>Stock Exchange Name</td><td>Name Code</td></tr><tr><td>BSE Limited (BSE)</td><td>500690</td></tr><tr><td>The National Stock Exchange of India Limited (NSE)</td><td>GSFC</td></tr></table>	Stock Exchange Name	Name Code	BSE Limited (BSE)	500690	The National Stock Exchange of India Limited (NSE)	GSFC
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%	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 Data Electronics Limited# A-78-6-7 GIDC Electronics Estate, Gandhinagar-15	U39308GJ1985PLC008058	Associate	23.00%	2 (6)

The Company is Dormant and 100% provision for diminution in value of investment has been accounted in the books of GSFC Limited.

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

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-2015)				No of Shares held at the end of the year (As on 31-March-2016)				% change during the year
	Demat	Physical	total	% of total shares	Demat	Physical	total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0		0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt.	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	150784905	15000	150799905	37.84	150787405	12500	150799905	37.84	0
e) Banks/ Financial Institutions	0	0	0	0	0	0	0	0	0
f) Any other (specify)	0	0	0	0	0	0	0	0	0
Sub-total(A)(1):-	150784905	15000	150799905	37.84	150787405	12500	150799905	37.84	0
(2) Foreign									
a) NRI - Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Any other	0	0	0	0	0	0	0	0	0
Sub-total(A)(2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	150784905	15000	150799905	37.84	150787405	12500	150799905	37.84	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	18035397	5115	18040512	4.53	16760149	5115	16765264	4.21	-0.32
b) Banks/ FI	288021	171385	459406	0.12	40619458	164370	40783828	10.23	10.12
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt (s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	39803108	0	39803108	9.99	0	0	0	0	-9.99
g) FIs	78426093	0	78426093	19.68	81176045	0	81176045	20.37	0.69
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (Specify)	0	0	0	0	0	0	0	0	0
Sub-total(B)(1):-	136552619	176500	136729119	34.31	138555652	169485	138725137	34.81	0.50
2. Non- Institutions									
a) Bodies Corp.	0	0	0	0	0	0	0	0	0
i) Indian	35810040	76060	35886100	9.01	33328287	74345	33402632	8.38	-0.62
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital up to Rs. 2 lakh	37345739	9907090	47252829	11.86	46373105	9548662	55921767	14.03	2.18
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	21704669	0	21704669	5.45	10742812	0	10742812	2.70	-2.75
c) others (specify)	0	0	0	0	0	0	0	0	0
i. Trusts	48820	0	48820	0.01	54115	0	54115	0.01	0.00
ii. Other directors	1450	0	1450	0	1450	0	1450	0	0
iii. Non-resident Indians (Repat)	1337532	179340	1516872	0.38	1554822	169440	1724262	0.43	0.05
iv. Non-resident Indians (Non-repat)	0	0	0	0	494160	0	494160	0.12	0.12
v. Societies	26555	2493450	2520005	0.63	26295	2489880	2516175	0.63	0.00
vi. Hindu Undivided Families	2015151	2610	2017761	0.51	3035267	2610	3037877	0.76	0.26
vii. Clearing Membes	0	0	0	0	1057238	0	1057238	0.27	0.27
Sub-total(B)(2):-	98289956	12658550	110948506	27.84	96667551	12284937	108952488	27.34	-0.50
Total Public Shareholding (B) = (B)(1)+(B)(2)	234842575	12835050	247677625	62.16	235223203	12454422	247677625	69.17	7.01
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	385627480	12850050	398477530	100	386010608	12466922	398477530	100	0

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

(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	37.84	0.00	150799905	37.84	0.00	Nil
Total		150799905	37.84	0.00	150799905	37.84	0.00	Nil

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

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. Of shares	% of total shares of The company	No. Of shares	% of total shares of the company
1	At the beginning of the year	150799905	37.84	150799905	37.84
2	Date wise Increase/ Decrease in Promoters Share Holding during the Year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	N.A.	N.A.	N.A.	N.A.
3	At the End of the year	150799905	37.84	150799905	37.84

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

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		shareholding at the end of the year	
		No. Of shares	% of total shares of the Company	No. Of shares	% of total shares of the company
1	Life Insurance Corporation of India	31,123,023	7.81	31,778,658	7.98
2	Fidelity Puritan Trust-Fidelity Low-Priced Stock Fund	31,500,000	7.91	31,500,000	7.91
3	Reliance Capital Trustee Company Limited A/C Reliance G.F	13,610,347	3.42	14,835,347	3.72
4	Gujarat Alkalies And Chemicals Limited	7,500,000	1.88	7,500,000	1.88
5	Gujarat Narmada Valley Fertilizers Company Limited	7,500,000	1.88	7,500,000	1.88
6	Government Pension Fund Global	5,673,568	1.42	6,664,883	1.67
7	Ghi LTP Ltd	7,548,520	1.89	6,114,648	1.53
8	Gujarat Mineral Development Corporation Ltd.	5,000,000	1.25	5,000,000	1.25
9	Vandersbilt University A/c Vanderbilt University	-	-	3,104,110	0.78
10	General Insurance Corporation of India	-	-	3,104,110	0.78

(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.

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

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakhs)

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	40797.36	33638.27	11.06	74446.69
ii) Interest due but not paid	0.00	0.00	8.58	8.58
iii) Interest accrued but not due	72.90	5.86	0.00	78.76
Total (i+ii+iii)	40870.26	33644.13	19.64	74534.03
Change in Indebtedness during the financial year				
Addition	4737.21*	148105.03	10.47	152852.72
Reduction	3025.14	95488.45	0.00	98513.60
Net Change Indebtedness at the end of the financial year				
i) Principal Amount	42509.43	86254.85	4.72	128769.00
ii) Interest due but not paid	0.00	0.00	4.45	4.45
iii) Interest accrued but not due	421.72	9.68	0.00	431.40
Total (i+ii+iii)	42931.15	86264.53	9.17	129204.85

*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:

Sl. no.	Particulars of Remuneration	Name of MD/WT/ Manager		Total Amount (₹ in Lakhs)
		Shri A. M. Tiwari	Dr. S.K Nanda	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	2.86 0.38	20.56 2.74	23.42 3.12
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - Others, please specify			
	Total (A)	3.24	23.30	26.54

B. Remuneration to other directors:

(Amount in ₹)

C. Remuneration to other directors.						
Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
		Shri D C Anjaria	Prof. Vasant Gandhi	Shri Ajay Shah	Shri Vijai Kapoor	
1.	Independent Directors <ul style="list-style-type: none">• Fee for attending board/ committee meetings (Amt. In Rs.)• Commission• Others	210000 - -	190000 - -	90000 - -	80000 - -	570000
Total (1)		210000	190000	90000	80000	570000
Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount	
		Dr. J N Singh*	Smt. Geeta Goradia	Shri L. Chuaungo*		
2	Other Non-Executive Directors <ul style="list-style-type: none">• Fee for attending board/ committee meetings• Commission• Others	80000 - -	130000 - -	110000 - -		320000
Total (2)		80000	130000	110000		320000
Total (B)=(1+2)						890000

* Deposited in Government Treasury

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

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

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary	CFO	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	30.56 0.21	30.84 2.25	61.40 2.46
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - Others, please specify	-	-	-
	Total (C)	30.77	33.09	63.86

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for the Financial Year ending 31.03.2016

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.

- 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.
- Details of material contracts or arrangement or transactions at arm's length basis;

Name of related party	Nature of relationship	Nature/type of related party transaction	Duration of contract	Salient terms	Amount (₹ in Lakhs)
GSFC Agrotech Limited	Subsidiary Company	Sale of material	Not applicable	Not applicable	1.83
		Commission income			59.15
		Rent income			12.27
		Purchase of stock in trade			1546.00
		Investment in equity			200.00
		Reimbursement of expenditure			242.41
Gujarat Chemical Port Terminal Co. Ltd.	Investee Company	Storage & wharfage charges	Not applicable	Not applicable	392.90
Gujarat Narmada Valley Fertilizers & Chemicals Limited	Investee Company	Purchase of material	Not applicable	Not applicable	136.08
		Sale of material			315.41
Indian Potash Limited	Investee Company	Purchase of material	Not applicable	Not applicable	3820.08
		Purchase of stock in trade			797.13
		Purchase of stock in trade			132.35
Gujarat Alkalies & Chemicals Limited	Investee Company	Purchase of material	Not applicable	Not applicable	1370.24
		Sale of material			680.74
		Recovery of (shared) expenses			47.53
Tunisian Indian Fertilizers (TIFERT)	Investee Company	Purchase of material	Not applicable	Not applicable	25524.20
Karnalyte Resources Inc	Investee Company	Reimbursement of expenses	Not applicable	Not applicable	129.88
Vadodara Enviro Channel Limited	Associate Company	Usage of effluent channel	Not applicable	Not applicable	304.46
Gujarat Green Revolution Company	Associate Company	Expenses recoverable	Not applicable	Not applicable	173.51
		Dividend Received			6.25
GSFC Education Society	Related party	Donation granted	Not applicable	Not applicable	285.00
GSFC Science Foundation	Related party	Reimbursement of admn & infra exp	Not applicable	Not applicable	3.95
		Reimbursement of elec. Exp.			0.80
Gujarat Industries Power Company Ltd.	Investee Company	Purchase of power	Not applicable	Not applicable	17302.38
		Sale of power			108.47

Note: Appropriate approvals have been taken for related party transactions, wherever required. for details relating to KMP, please refer para 2(III) of Note 33 at page no. 83

For and on behalf of the Board

Place : Fertilizernagar
Date : 27.07.2016

Sd/-
Shri G. R. Aloria, IAS
Chairman

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) **Supply of pure vapour ammonia from A-IV plant at AS-II plant.**

Supply of inert free vapour ammonia from A-IV plant prevented pressurization of AS-II plant. Due to proper vacuum condition and stable operation, AS-II plant load could be increased further. It could enable stoppage of AS-I plant on intermittent basis to meet extra capacity requirement. It resulted into annual NG saving of 22.90 Lakhs SM³ (Rs. 641.15 Lakhs) and annual power saving of 6.70 Lakhs unit (Rs. 48.57 Lakhs). Total annual saving is Rs. 689.7 Lakhs.

2) **Use of LPS at ML Tank and flushing lines of Centrifuge in place of 7K steam in Urea-I plant.**

2.5K steam – which is in excess and being vented, utilized in place of 7K steam produced by throttling of 37K steam, at Mother liquor tank, flushing lines of Centrifuge and various Utility stations. It resulted into reduction in load on steam generation boilers. It resulted into annual NG saving of 5.33 Lakhs SM³ (Rs. 149.33 Lakhs).

3) **Installation of VAHP to reduce power consumption at N-6 plant.**

Use of LPS of A-IV plant, which is in excess and being vented, carried out to drive VAHP, a combined chiller unit for N-6 project and N-6 existing plant. It resulted into stoppage of Refrigeration compressors at existing N-6 plant. It resulted into annual power saving of 11.67 Lakhs unit (Rs. 84.58 Lakhs).

4) **Generation of Flash steam at SA-IV plant.**

Blow down of condensate (37K) was carried out in Flash drum, operated at 0.5K pressure. New Flash drum installed to generate Flash steam of 14K from 37K condensate. It reduced NG consumption at Steam generator boilers. It resulted into annual NG saving of 2.67 Lakhs SM³ (Rs. 74.7 Lakhs).

5) **Use of effective lighting at GSFC complex.**

Replacement of 125 W HPMV (150 W) and 400W HPMV (430W) with 30W LED Fitting and 160W Induction Lamp (180W) respectively and replacement of old fittings with new fittings, resulted into annual power saving of 6.68 Lakhs unit (Rs. 48.36 Lakhs).

6) **Stoppage of one Product supply pump at PA plant.**

Impeller size of PA product supply pump P-404 A increased to increase PA product supply flow, which otherwise was supplied by operating two nos. of pumps. It resulted into annual power saving of 0.08 Lakhs unit (Rs. 0.54 Lakhs).

7) **Installation of hollow FRP blade in Capro-II HAS Cooling Tower, Capro-II plant.**

Replacement of solid FRP blades by hollow FRP blades in one cell of HAS cooling tower fan carried out. It resulted

into annual power saving of 0.31 Lakhs unit (Rs. 2.26 Lakhs).

Above mentioned measures resulted into aggregate annual saving at a rate of 25.44 Lakhs units Power (Rs. 184.31 Lakhs) and 30.9 Lakhs SM³ NG (Rs. 865.18 Lakhs).

Measures taken at Sikka Unit:

- 1) In order to achieve energy saving, followings Major Steps were carried out at Sikka Unit during the FY: 2015-16.

By Energy Efficient Motors

1. Replacement of 01 No. 130 KW conventional motor by Energy efficient motor in Fumes Fan- A Train (%n 90 to 93).
2. Replacement of 01 No. 45 KW conventional motor by Energy efficient motor Oversize Pulverizer- F1 (%n 90 to 93).
3. Replacement of 01 No. 37KW conventional motor by Energy efficient motor for Raw water (%n 89 to 92).
4. Replacement of 01 No. 30 KW conventional motor by Energy efficient motor in Screen Drag Feeder - A Train (%n 89 to 92).
5. Replacement of 01 No. 22 KW conventional motor by Energy efficient motor in PN Agitator - A Train (%n 89 to 92).
6. Replacement of 02 Nos. 7.5 KW conventional motor by Energy efficient motor in Bagging 12B & 12C Conveyor (%n 89 to 92).
7. Replacement of 04 Nos. 5 KW conventional motor by Energy efficient motor in SA Transfer / Unloading Pump (%n 89 to 92).

By Energy Efficient Lighting

1. Replacement of 100 Nos. 150 Watt HPSV Lamps By 70 Watt LED Lamps in Street Lights.
2. Replacement of 145 Nos. 125 Watt HPMV Lamps By 35 Watt CFL Lamps in General Plant area Lighting.
3. Replacement of 200 Nos. 32 W LONON Lamps By 12 W LED in ADM Building.
4. Replacement of 50 Nos. 250 W HPSV Lamps By 150 W MH Lamps in Various Plant area Lighting.
5. Replacement of 05 Nos. 1000 watt HALLOGEN lamp with 150 watt MH Lamp in Various Plant area Lighting.

Thus by adopting Energy efficient motors & lighting system annual power saving of 1.63 Lakhs units achieved. This resulted in to aggregate annual saving of Rs. 09.81 Lakhs at a unit cost of Rs.6.00.

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

Above mentioned measures resulted into aggregate annual saving at a rate of 1.63 Lakhs units Power (Rs. 9.81 Lakhs).

Measures taken at Fibre Unit:

- 1) Providing step-down transformer in New Air-dryer
In New Air dryer, we have provided 415/380 V step down transformer for feeding blower motor, resulting into reduction of power by 15120 KWH per annum.
- 2) **Replacement of second centrifugal chiller by energy efficient Ammonia screw chiller (From Jun-2015 to March-2016)**
Existing CFC based centrifugal chiller replacement with energy efficient Ammonia screw chiller. The annual saving of power is 5.9 Lakhs units (Rs.36.87 Lakhs).
- 3) **Installation of fix speed screw air compressor (From April-2015 to March-2016)**
Installation of fix speed screw air compressor. The annual saving of power is 4.4 Lakhs units (Rs. 27.5 Lakhs).
- 4) **Installation of Energy efficient Nitrogen plant of capacity 100NM³/HR (From Dec-2015 to March-2016)**
Installation of energy efficient Nitrogen plant with capacity of 100 nm³/hr in place of old nitrogen plant having capacity of 50 nm³/hr. The annual saving of power is 1.09 Lakhs units (Rs.6.83 Lakhs).

Above mentioned measures resulted into aggregate annual saving at a rate of 11.39 Lakhs units Power (Rs. 71.2 Lakhs).

Measures taken at Polymers Unit:

- 1) Modification of flow line in RCT & PCT (Cooling Tower) is done. As a result of which during the shutdown of plants but with operation of Air Compressor, @ 42 KWH power is saved, resulting approximate saving of Rs 3.86 Lakhs during 2015-16.
- 2) Replacement of boiler feed water pump-II in OWI is done with energy efficient type of lower KW which resulted in a saving of approx. Rs.1.00 Lac p.a.
- 3) Instead of in-house burning of hazardous waste generated in plants, GPCB approved vendor (M/s RSPL) is assigned to recycle or co-process the waste at their facility resulting a net saving of 24 Lakhs per year.
- 4) Changing of operational sequence of aerators in effluent treatment plant.
Based on the dissolved oxygen content analysis of effluent, change over pattern in aerators is adopted which resulted in power saving of about 40000 units p.a. with a saving of Rs.2.40 Lakhs.

- 5) By getting 33% share from LYZA Phase II wind mill power generation, we could save an amount of Rs.62.80 Lakhs during 2015-16.

Above mentioned measures resulted into aggregate annual saving of Rs. 94.06 Lakhs.

Measures under consideration at Fertilizernagar, Vadodara Unit:

- 1) **4.5K Steam import at Deaerator of A-III plant.**
37K steam is throttled upto 4.5K and supplied to Deaerator. It is proposed to import 4.5K steam from A-IV plant and to feed to Deaerator and in turn to boost up export of 37K steam to that extent. This will reduce NG consumption at Steam generator boilers. Anticipated annual NG saving is 1.28 Lakhs SM3 (Rs. 35.84 Lakhs).
- 2) **Heat recovery in Ammonia combustion unit of HX plant, Capro-I plant.**
Ammonia combustion furnace outlet gases are cooled down from ~2350C to ~350C by using CW and Brine. It is under consideration to cool down the same with condensate upto ~1900C and thereby to produce ~0.4 MT/ Hr of 14K steam. This will reduce NG consumption at Steam generator boilers. Anticipated annual NG saving is 2.56 Lakhs SM3 (Rs. 71.68 Lakhs).
- 3) **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 blowdown 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 Lakhs SM3 (Rs. 21.50 Lakhs).
- 4) **Use of LPS at various heat exchangers in Nylon-6 plant.**
Total four nos. of heat exchangers will be installed to use low pressure steam - which is in excess and being vented, as heat source to preheat various process streams. This will result into reduction in load on steam generation boilers. Anticipated annual NG saving is 1.6 Lakhs SM3 (Rs. 44.80 Lakhs).
- 5) **Reduction in NG fuel consumption in F-101 & F-202, A-III Plant.**
HPNG used as feed and Process Air used as Nitrogen source are pre-heated in NG fired furnaces. To reduce NG fuel consumption, it is under consideration to preheat HP NG and Process air with LPS (2.5K), which is excess and being vented. Anticipated annual NG saving is 3.07 Lakhs SM3 (Rs. 86.02 Lakhs).

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

6) Use of LPS at reboiler in Benzene distillation column Lactam 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 reboiler of Benzene distillation column. It will reduce steam generation load on Steam generation boilers. Anticipated annual NG saving is 28.8 Lakhs SM3 (Rs. 806.4 Lakhs).

7) 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 Lakhs SM3 (Rs. 806.4 Lakhs).

Measures under consideration at Sikka Unit:

1) By Energy Efficient Motors

1. Replacement of 01 No. 90 KW conventional motor by Energy efficient motor in Ammonia Transfer Pump.
2. Replacement of 01 No. 55 KW conventional motor by Energy efficient motor in Pulverizer of C-Train.
3. Replacement of 02 No. 37KW conventional motor by Energy efficient motor for Product Cooler & Scrubber Liquor pump of A/B Train.
4. Replacement of 04 No. 30 KW conventional motor by Energy efficient motor in Raw water Pump, Cooling Tower Pump & Boiler Blower Motor.

2) By Energy Efficient Lighting

1. Replacement of 200 Nos. 150 Watt HPSV Lamps By 70 Watt LED Lamps in Street Lights.
2. Replacement of 100 Nos. 125 Watt HPMV Lamps By 35 Watt CFL Lamps in General Plant area Lighting.
3. Replacement of 200 Nos. 32 W LONON Lamps By 12 W LED in ADM Building.
4. Replacement of 30 Nos. 250 W HPSV Lamps By 60 W LED Lamps in Various Plant area Lighting.

5. Replacement of 50 Nos. 50 W Tube light By 28 W T5 Tube light in Plant Office Lighting.

6. Replacement of 30 Nos. 80 W HPMV Lamps By 40 W LED Lamps in Colony area Lighting.

Measures under consideration at Fibre Unit:

1) Providing VFD in Spg. Line No. 4 & 5 AHU Blower Motor.

Providing VFD in Spg. Line 4 & 5 AHU blower motor, resulting into annual saving of power is estimated as 24000 KWH per annum.

2) Replacement of existing brine reciprocating chiller by energy efficient ammonia screw chiller.

Replacement of existing reciprocating brine chillers by energy efficient ammonia screw chiller. Annual power saving will be estimated as 7.8 Lakhs units (Rs.48.75 Lakhs).

3) Replacement of street light fitting by LED Light.

Replacement of existing street light fitting by LED Light, annual power saving will be estimated is 233680 KWH/Year. (Rs.1.46 Lakhs)

Measures under consideration at Polymers Unit:

- 1) Installation of GET based KVM system at RLNG feed line of boiler is under consideration which will save guaranteed > 5% RLNG fuel alongwith reasonable reduction in maintenance cost and with emission of lower harmful pollutants to atmosphere. Expected fuel saving will be 118800 SM3 p.a. which will save @ Rs.34.75Lakhs p.a.
- 2) Decentralization of Acco-blower discharge for effective cooling at required duty points only in Sheet and Pellet plants is under consideration which will give a saving of Rs.5.43 Lakhs per annum.
- 3) Conversion of Pellet extruder with DC drive to AC drive is under consideration which will give a saving of Rs.3.00 Lakhs p.a.

B. CONSERVATION OF RAW MATERIAL AND CHEMICALS

Measures taken at Polymers Unit:

- 1) ACH pump (Seal Type) in MMA plant is replaced with Non Seal pump which leads to saving of our raw material & avoiding of minimum two shutdowns per year (4 Lakhs per Year). Moreover it also reduces effluent load due to seal leakages & its flushing.
- 2) Chemical treatment in cooling tower water is kept continued, it results in to annual saving of 14600 M3 DM water (Rs.10.50 Lakhs).

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 : 2015-16

(A) POWER AND FUEL CONSUMPTION

PARTICULARS	2015-16	2014-15
1. ELECTRICITY		
A. PURCHASE		
UNIT: MWH	387972	378241
AMOUNT Rs. in Lakhs	26039	27421
Rate Rs./KWH	6.71	7.25
B. Own Generation		
Unit: MWH	14760	10923
KWH Per Ltr. of Fuel/Gas	6.69	6.76
Cost Rs./KWH	14.19	16.68
2. LSHS, FO, LDO		
QUANTITY - MTs	13	237
Amount Rs. in Lakhs	8	116
Average Rate Rs./MT	58837	48954
3. NATURAL GAS		
Quantity in '000 SM3	123769	114906
Amount Rs. in Lakhs	23014	19252
Average Rate 1000/SM3	18594	16755

C TECHNOLOGY ABSORPTION

EFFORTS MADE IN TECHNOLOGY ABSORPTION

As per enclosed FORM – B

D FOREIGN EXCHANGE USED AND EARNED : 2015-16

Foreign Exchange Outgo :

	Rs. Lakhs
(i) C.I.F. VALUE OF IMPORTS	
(a) Raw Materials	134948.98
(b) Stores & Spares	954.57
(c) Capital Goods	477.00
TOTAL (i)	136380.55
(ii) EXPENDITURE IN FOREIGN CURRENCY	
(a) Interest	802.17
(b) Technical Asstt./Know How	2694.47
(c) Others	99.12
TOTAL (ii)	3595.76
TOTAL (i) + (ii)	139976.31

Foreign Exchange Earned :

	Rs. Lakhs
FOB VALUE OF EXPORT OF	
MEK Oxime	3134.26
TOTAL	3134.26

(B) CONSUMPTION PER UNIT OF PRODUCTION

Sr. No.	Product	Power		Steam		Natural Gas	
		2015-16 KWH	2014-15 KWH	2015-16 MTs	2014-15 MTs	2015-16 SM ³	2014-15 SM ³
1	Ammonia	367	363	-1.213*	-1.243*	898	898
2	Sulphuric Acid	34	35	-0.815*	-0.843*	0.048	0.071
3	Phosphoric Acid	255	289	1.443	1.509	2.572	3.180
4	Urea	167	171	1.480	1.508	0	0
5	ASP	34	36	0.025	0.019	8	6
6	Melamine	1671	1783	6.603	6.739	334	370
7	Caprolactam (Old)	2081	1996	6.762	6.566	88	92
8	Caprolactam (Exp.)	1387	1410	5.076	5.300	30	39
9	Nylon - 6	910	930	1.293	1.291	0	0
10	ACH	911	828	1.332	1.121	32	58
11	Monomer	1213	777	2.624	2.864	-	-
12	MAA	700	397	3.583	3.597	-	-
13	AS	38	35	0.327	0.513	-	-
14	Sheets	2092	1866	8.440	9.076	-	-
15	Pellets	726	567	0.835	0.738	-	-
16	DAP (SU)	67	69	0.014	0.018	7	8
17	NPK(10:26:26) (SU)	62	65	0.020	0.021	9	9
18	NPK(12:32:16) (SU)	62	63	0.013	0.016	9	10
19	NPK (20:20:0:13) (APS) (SU)	70	75	0.020	0.025	14	14
20	Nylon Chips	716	666	-	-	-	-
21	Nylon Filament Yarn	5220	4679	-	-	-	-

* -ve indicate Export from Plants.

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

FORM-B

Form for disclosure of particulars with respect to Technology Absorption: 2015-16

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 from existing corporate products, specialized Agri-inputs for improving quality and yield of agricultural output, support to plant and Marketing for problem solving, Quality and process efficiency improvement and assurance, Customization of products, Corrosion & Material Evaluation, Failure investigation of components of plant Equipment & machinery, Consultation, and analytical service to plants.

(2) BENEFITS DERIVED:

(A) Development of New Products/New Processes:

1. Development of slow and controlled release Sulphur Bentonite fertilizer to ensure maximum availability of sulfur to the crops like oilseeds onions and potatoes.
2. Development of Water Dispersible Sulphur as a fungicide by optimizing parameters.
3. Development of rock phosphate solubilising microbes to use rock phosphate and microbes in combination as a bio-fertilizer.
4. Development of Mono Ammonium Phosphate (MAP) for use in production for NPK fertilizers and as import substitute.

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

1. Recovery upto 70 % of Ammonium Sulphate from Purge Stream of AS-II Plant and safe utilization of purge stream using HAZOP studies was established.
2. Caprolactam recovery to the tune of 70% from purge stream (E-11) of Capro-I plant was achieved on lab scale & technology was provided to plant for scale up.
3. Recovery upto 96 % of Methyl Methacrylate Monomer(MMA) from waste PMMA sheets has been done at laboratory and pilot plant scale with 96% purity. Process for Removal of smell from MMA recovered from waste PMMA sheets is under progress.
4. Failure Analysis of 16 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.
5. In-situ metallography at 150 locations in critical equipments was done for assessment of damage has helped in assessment of damage as well as monitoring degradation of material operating at high temperatures.
6. Corrosion and microbial monitoring of cooling tower water at various plants resulted in efficient running of plants and cooling towers.

(3) FUTURE PLAN OF ACTION :

1. Development of Potassium Solubilizing Biofertilizer (KSB) that can be utilized in production of biofertilizer NPK.
2. Development of algal protein based plant growth promoter for increase in yield.
3. Increasing plant throughput by lowering cooling tower inlet temperature using thermoelectricity.
4. Development of Polymeric Antiscalants for water treatment of plant cooling towers by conducting real time studies in a 600 L pilot scale cooling tower.

5. Improving Mechanical & Electrical properties of Copper base alloys like Aluminium Bronze & Copper Chromium alloy used in bushes and bearings of rotary equipments.
6. Surface modification of material for improvement in Corrosion and Abrasion resistance.
7. Development of Flame Retardant PMMA sheet for potential applications in automobiles, electronic cabinets and house hold appliances.
8. Development, characterization and performance testing of Nano-fertilizers.
9. Pilot scale studies of chemical and microbial processes developed in lab for treatment of Effluent stream of CEP.
10. Development of Nylon 6 blends for packaging applications.

(4) EXPENDITURE ON RESEARCH & DEVELOPMENT :

	₹ in Lakhs
(a) Capital	16.80
(b) Recurring	1256.20
(c) Total	1273.00
(d) Total R & D Expenditure as a percentage of Net Sales	0.21%

Technology Absorption, Adoption and Innovation :

In-house Technology:

- Manufacturing of 520.885 MT of NPK fertilizer and 1,38,200 Packets of GOG approved Chelated Micronutrients was carried out by R&D.
- Project for setting up 20,000 MTPY Capacity for 19-19-19 grade fertilizer is taken up. Packaging of other grades of WSF done at R&D and shall be handed over to WSF plant (10,000 MTPY Capacity) post commissioning.
- Approximately 600 Kg of Polymer Coated Urea is prepared at R&D lab unit for the field trials at various agriculture universities and institutes in India for rice wheat and sugarcane. Results of the field trial of PCU with rice indicated that same rice grain yield is received with PCU vis a vis normal Urea but with reduced consumption by 40%. 1.0 MTPD capacity Pilot plant is under process.
- Purification of Ammonium Sulphate (AS) of Polymers Unit directly from Kettle Residue (KR) was carried out at Pilot Scale to produce 100 Kg of FCO grade AS. A 10000 MTPY Ammonium sulphate plant is being commissioned at PU.

Imported Technology:

- For Lubricated and / or Nucleated Film Grade Nylon-6 Chips Project - technology is imported and the Project is under process of implementation.
- For Melamine Project - technology is imported and detail engineering is under process.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. MACRO- ECONOMIC OVERVIEW 2015-16:

Global macroeconomic environment is passing through rough and uncertain terrain characterized by weak growth of the economy for past few years. Declining commodity & crude prices, turbulent financial markets and volatility in exchange values of major currencies has aggravated the uncertainty global business environment in recent past. Even under such non-conductive and uncertain circumstances, India's growth story has largely remained positive on the strength of domestic absorption. Country has registered robust and steady pace of economic growth in 2015-16 as it did in 2014-15. Additionally, its other macro-economic parameters like inflation, fiscal deficit, and current account balance of payment and foreign exchange reserves have exhibited consistent improvement. Wholesale price inflation has been in falling trend for more than a year and all important consumer price inflation has declined to nearly half of what it was running few years ago. However, weak growth in advanced and emerging economies has impacted Indian export considerably. Growth in agriculture has slackened due to two successive years of less than normal monsoon. The rupee has depreciated considerably to the tune of 7% in 2015-16 vis-à-vis the US \$, like most other currencies in the world, although less so in magnitude and could absorb the pressure better than the currencies of most emerging economies.

In the advance Estimates of GDP that the Central Statistics Office (CSO) released recently, the growth rate of GDP at constant market prices is projected to increase to 7.6 per cent in 2015-16 from 7.2 per cent in 2014-15 and 6.6% registered in 2013-14. Similarly, the growth rate of GVA (Gross Value Added), which broadly reflects the supply or production side of the economy, registered an increase to 7.3% in 2015-16 from 7.1% in 2014-15 and 6.3% in 2013-14.

Growth of GDP (with 2011-12 as base year)

Sector	Growth (%)		
	2013-14	2014-15	2015-16 *AE
Agriculture, Forestry and Fishing	4.2	-0.2	1.1
Industry	5.0	5.9	7.3
Services	7.8	10.3	9.2
GDP	6.6	7.2	7.6
GVA	6.3	7.1	7.3

Source: Economic Survey – 2015-16, GoI. *AE-Advance Estimate.

Consecutively for 2nd year, Indian economy in 2015-16 has emerged as one of the largest economies in the world with a promising economic outlook on the back of controlled inflation, lower oil prices, increase in investments, rise in domestic consumption and commitment of the Government for continuity of ongoing reform process of Indian economy.

Although agriculture is likely to register low growth for the second year in a row than the average of last decade and also the targeted growth of 4% on account of weak monsoons, it has performed better than last year. Industrial sector has shown significant improvement primarily on account of the surprising acceleration in manufacturing sector (9.5 per cent vis-à-vis 5.5 per cent in 2014-15 and 5.6% in 2013-14). Service sector has continued its momentum in growth in the range of 9%, except in few of the sectors. All major service sectors, including financing, real estate and business services have exhibited excellent growth in the recent years.

Indian economy has made substantial improvements in its macroeconomic fundamentals and impressive strides in continuing reforms in key areas, fiscal consolidation, focus on price & inflation stability and controlled external debt. With continued focus of the Indian Government on reforms in key sectors, aided by prevailing macroeconomic stability, although global business sentiments are still not encouraging on account of weak demand, Indian growth story may remain intact in short run. Perhaps growth may fall short of its potential of 8-9 per cent, yet could continue weathering the global sluggishness with resilience and consolidate the gains in macroeconomic stability in the year ahead. Ongoing programmes of Government of India like Make in India, Ease of doing business, Skill India, Start up India are sure to bring momentum in investment and ensure high industrial growth now. It is not out of way to state that conditions do exists for hopping growth rate in the range of 8 per cent over next couple of years. Such optimism in the outlook has also been attested by multilateral institutions like IMF, World Bank etc. in their latest assessments.

Indian Agriculture sector:

Despite added focus on industrialization, agriculture still 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 60 per cent of agriculture in the country is rainfall dependent.

Under the impact of severe El-Nino, rainfall has remained inadequate consecutively for last two years, which has affected the growth rate in agriculture. During 2015-16, country received 14% deficit rains (761 mm v/s 888 mm normal long period average rains). Rainfall remained inadequate in 329 districts, representing 51% of the cropping area, close to half of the total area. In our marketing zones, Gujarat (except Saurashtra & Kutchh), Maharashtra, Telangana, Karnataka, Eastern UP, Eastern MP,

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

Punjab and Haryana are worst affected. Besides inadequate in quantitative terms, distribution of rainfall has remained quite uneven. Initially, during June & July 2015, country received very good rains. However, subsequently, during August and September 2015, there were long dry-spells, which caused moisture stress at critical stages of the kharif crop and defused the subsequent rabi prospects. Area coverage under Kharif crops has increased marginally by 1.3 % in 2015. However, increase in cropping area is largely attributed to cereals and pulses, which require less inputs, whereas, that of Cotton has declined by 8% and area under other major crops like Rice, Sugarcane etc has remained stagnant. Moisture stress at critical crop states during August/September has impacted the productivity of Kharif crops considerably. Moreover, attack of the pest even in BT cotton in many states, declined prices of cotton and Sugar cane has impacted the economics of the farmers on kharif harvest. Deficit rains in Kharif season resulted into declined moisture levels in the soil and also water storage levels in reservoirs, which can support irrigation for Rabi sowing. Overall water storage in the country as on 1.10.15 was reported as 96 BCM, which is 61% of the aggregate storage capacity. On account of poor rains, Rabi season started with three riders, impacting fertilizer consumption. i) Potential decline in Cropping area ii) Delayed sowing, leading to change in cropping pattern iii) Piling up stocks, both in account of industries and also with channels, leading to cut-throat competition. Due to erratic monsoon, harvest of Kharif crops has delayed and continued upto late November'15, which has in turn delayed rabi sowing. Late on-set of winter has further delayed the sowing of rabi crops in many parts of the country and as against normal sowing time between 15th October to 15th November, sowing of Rabi crops has continued till end of December'15. Area coverage under rabi crops has declined by 3% (590 Lac Hac v/s 608 Lac Hac) in the country. In case of Gujarat, because of poor monsoon, area under rabi crops has declined with higher magnitude to the tune of 12% (25 Lac Hac v/s 29 Lac Hac) over last rabi season. On account of sub-optimal seasonal prospects, frequent change in weather conditions, declined cropping area and moisture stress at critical stages, food grains production in 2015-16 is expected to remain at 253.16 MMT, marginally higher by 1.14 MMT over 2014-15, however much lower than 265 MMT achieved in 2013-14.

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 took number of steps in the recent years for sustainable development in agriculture. 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), market access to farmers through e-market platform, soil health cards and other non-farm activities to support the income of farmers. The present government aims to double farmers' income by 2022.

Overall, pace in the growth of agriculture and allied sector has slowed down to considerable extent during last two years to (-) 0.2% in 2014-15 and 1.1% in 2015-16 from 4.2% in 2013-14 and targeted growth of 4 per cent for agriculture and allied sector for the 12th five year plan (2012-17), which is largely attributed to poor performance of monsoon for past two years.

Performance of Fertilizer Industry in India:

Govt. of India maintained NBS rates of N,P, K & S nutrients for 2015-16 as prevailing in 2014-15 and therefore, subsidy rates of DAP and other NPK fertilizers were continued @ 2014-15. Further, unlike past years where NBS rates were decided for entire Financial Year, this time it has been decided to review the same on half yearly basis.

Provisions of fertilizer subsidy made to the tune of Rs.72,969 Crores in the Union Budget 2015-16 were grossly inadequate, keeping in view the huge back-log of unpaid subsidy of about Rs.40,500 towards 2014-15. Practically, for want of adequate provisions with Government industry's dues to the tune of Rs.45,000 Crores remained unpaid as on close of 2015-16 (since September'15 in case of Urea and since October'15 in case of P&K fertilizers). This has impacted the cash-flow of the companies, especially during the later half of 2015-16, which in turn has compelled for higher borrowings and corresponding high interest costs leading to weak profitability and liquidity issues for the industry.

Initially, with timely onset of monsoon and moderate pipe line stocks, fertilizer demand has prevailed quite well till mid of the Kharif season upto August'15. This has prompted the traders for higher imports of fertilizers and also augmented the domestic production in India. However, subsequently, on account of deficit rains, off-take of fertilizers at grass root level has been subsided to a large extent and inventories have started piling up – both in account of companies and also with the channels. Although all India sales of Phosphatic fertilizers including DAP (97.65 Lac MT) and complexes (88.79 lac MT) has increased by 29% & 8% respectively, it doesn't reflect the virtual growth in consumption at grass root level. Infact, out of such sold quantities, channels are holding huge quantities as un-lifted stocks as on close of 31.3.2016, which would be practically consumed in current season. Demand of Urea has quite moderated in 2015-16 in spite of having improved availability through higher imports coupled with increased domestic production. Sales of Urea have registered marginal growth of 4% in 2015-16 (319.74 Lac MT V/s 308.83 Lac MT). Demand of MOP is consistently experiencing a negative growth in the country over past 3 years. Sale of MOP has declined by 12% in 2015/16 (24.52 Lac MT V/s 27.80 Lac MT).

All India Production, Imports & Sales of Urea, DAP & NPK

(Lakh MT)

State	Urea			DAP			NPK		
	2015-16	2014-15	% Variation	2015-16	2014-15	% Variation	2015-16	2014-15	% Variation
Production	244.65	225.93	8	38.22	34.45	11	83.76	78.29	7
Imports	84.74	87.49	-3	56.03	38.53	45	6.29	2.91	116
Sales	319.74	308.83	4	97.65	75.89	29	88.79	82.14	8

Source: FAI, New Delhi.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

With subdued demand prospects developed in India from mid of August'15 onwards and also in other major consuming markets, world DAP prices have continuously softened in subsequent time for want of adequate buying support. Chinese and Saudi DAP which was available in the range of US \$ 480-485 per MT cfr India up to August'15 has started declining thereafter and touched the range of US \$ 350 per MT by end of 2015-16. Even with declining prices Indian interest for imports of DAP has subsided significantly during H2-15/16 on account of subdued demand and also depreciation of INR values as well as rebate war at market place, leading to negative economics. Availability of Phosphoric Acid from the world market has relatively eased in H2-2015/16, which helped in stepping up domestic phosphatic production considerably 2015-16 (DAP by 11% & NPK by 7%).

However, on account of higher prices of raw materials, mainly that of P.A., higher exchange rate in the range of INR 66-68/US \$ and increased credit/rebates on sales prices of Phosphatic fertilizers, margins of domestic manufacturers were affected considerably in 2015-16.

GSFC's performance FY 2015-16:

In spite of having non conducive business environment prevailed during 2015-16 for fertilizer sector, largely on account of poor seasonal prospects coupled with excessive availability, sale of GSFC fertilizers, including trading products has increased by a considerable margin of 12% to 15.60 Lakh MT from that of 13.96 Lakh MT achieved in 2014-15. This potential growth was achieved due to augmented availability of AS and APS through Baroda unit and NPK, DAP from Sikka, besides higher Imports of DAP made in 2015-16 over last year. In spite of bad performance of monsoon in 2015, contribution of home state of Gujarat (primary market) in aggregate fertilizer sales of the company has been maintained at 47%, marginally lower by 2% over last year. Various promotional initiatives taken by Government of Gujarat including Krishi-Mahotsav, special projects runs for tribal farmers, increased coverage of area under micro irrigation system (MIS) through GGRC etc. has helped state to sustain the agricultural productivity to considerable extent during past few years. In case of secondary market, comprising of Maharashtra, MP and Rajasthan contribution in company's total sales has increased to 24% from 22% last year. However, looking to subdued market prospects, per cent share of tertiary market representing Northern, Southern and North-eastern states has remained stagnant at 29% in total fertilizer sales made during 2015-16. In order to tap the potential exists in North-Eastern states, we have expanded our fertilizer business in Odisha. Further, in order to serve such states economically, imports of DAP are partly supplemented through Vizag port.

Non availability of required quantity of Phosphoric Acid at Sikka unit during Kharif season has initially affected the phosphatic production and hence its sales during first half of 2015-16. However, subsequently with improved availability of PA in a later half, overall annual Phosphatic sales of Sikka products has been improved by considerable margin of 16% over 2014-15. In order to compensate the decline in phosphatic availability to some extent in H1-2015-16, company has imported 1.21 Lakh MT of DAP in 3 vessels and sold 1.19 Lakh MT quantities during 2015-16. Sales of fertilizers of Baroda unit have increased by 6%, in proportion to the higher availability generated during 2015-16.

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. Fiscal year 2015-16 started with previous year's backlog of Rs.40,500 Crores and therefore, budget allocation of Rs.72,969 Crores got exhausted by Aug'15 in case of Urea and by Sept'15 in case of P&K fertilizers. In addition, payment of large amount of freight bills is pending due to procedural delay by GoI. For instance, balance subsidy bills of the industry are held-up since November 2012 on account of non-compliance of m-FMS. Such inordinate delays in subsidy payments entails to liquidity crisis and higher borrowing cost at industry level.

Continuing Urea out of the NBS policy and marinating its MRP at quite low level v/s that of P&K fertilizers is encouraging over use of Urea at the cost of other nutrients and distorted the NPK usage ratio.

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

As per the policy, industry was given freedom to decide MRP of such products however; industry has to submit certified cost data in the prescribed format along with the subsidy claims submitted each month.

Depreciation of INR v/s US\$ has exerted pressure on the margins of Indian Phosphatic industry.

Frequent changes in weather conditions, particularly temperature levels witnessed in Rabi season has impacted the crop productivity quite adversely and practically food grains production in 2015-16 is likely to remain stagnant.

Unseasonal heavy rains in some of the Northern states as well as in South and South eastern states, during November-December'15 & again in Jan'16 caused significant damage to Rabi crops in such sector, which has impacted overall economy of the farmers in such regions.

The incidence of pest observed in BT cotton & white fly, first time in last one decade and declined prices of cotton and sugarcane has affected the economics of the farmers for purchasing inputs.

Recent Developments and outlook for 2016-17:

During 2015-16, Government of India has taken various policy reforms for fertilizer sector. New Urea Policy, 2015 and Gas pooling for Urea production with an objective to promote energy efficiency and bringing rationalization of gas pricing mechanism.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

Making Urea production as well as Imports mandatory as Neem coated Urea will help in escalating use efficiency of Urea and thereby reducing its usage in a long-run, besides would help in curbing diversion of Urea in Industry. Further, with twin objective of making cities cleaner and utilizing the urban garbage as compost for improving soil health, GoI has declared comprehensive policy for City Compost and Rs.1500 per MT would be provided as subsidy towards promotion of city compost. For SSP industry the criteria of minimum capacity utilization for availing subsidy has been removed, which will help to revive SSP production.

The Union Budget 2016-17 provides major focus on agriculture and rural India. The budget allocation made for farm sector is nearly Rs. 36,000 Crore with focused agenda largely on 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.

However, as far as fertilizer sector is concerned, the budget has remained disappointing. The budgetary provisions made for fertilizer subsidy at Rs.70,000 Crore are grossly inadequate and would continue to put pressure on cash flow of the industry. In case of Urea, budget is silent on decanalization of Imports and also bringing Urea under NBS policy so as to allow greater freedom in Urea imports and bringing balanced use of fertilizers. However, industry has welcomed implementation of direct benefit transfer (DBT) on a pilot scale, which reflects GoI's continued intention of moving forward in this direction.

Monsoon forecast made for current Kharif season by IMD with "above normal" rains at 106% of long period average is quite encouraging and promises for better seasonal prospects to prevail. Further, chances of having normal to excess rains in the country are predicted to be 94%. Better seasonal prospects would help in improving the sentiments in agriculture sector and input market for products like fertilizers in 2016-17. Therefore demand outlook in general for the fertilizer industry looks positive for 2016-17 as far as real consumption at farmers' level is concerned. However, the huge un-lifted pending stocks lying with the channels will restrict fresh buying, atleast upto mid of Kharif season and if performance of the rains remains good as predicted, the situation may improve from second half of 2016-17. Since market is carrying huge inventories, initially imports are expected to remain moderate and can improve subsequently. Market prices of fertilizers are unlikely to get changed till end of Kharif season, rather further decline in import prices may put pressure on even current levels selling prices. Overall, market conditions are expected to remain competitive upto mid of current FY for P&K fertilizers and there would be relatively moderate volume growth in sales.

2. RAW MATERIAL PRICES:

The international prices of raw materials were lower during FY 2015 – 16 as compared to 2014 – 15 with exception of Phosphoric Acid. The average CFR prices of Phosphoric Acid (PA) which was USD 763 per ton during 2014 – 15 went up to USD 785 (3%) per ton during 2015 – 16.

The prices of Ammonia decrease during 2015 – 16 as compared to 2014 – 15. The average CFR prices of Ammonia during 2014 – 15 was USD 555 per ton reduced to USD 421 (24%) per ton during 2015 - 16. On an average, there was 24% decrease in prices of Ammonia as compared to 2014 – 15.

The price of Rock Phosphate decrease during 2015 – 16 as compared to 2014 – 15. The CFR price of Rock Phosphate during 2014 – 15 was USD 145 per ton reduced to USD 101 per ton during 2015 – 16 on an average, there was 30% decrease in price of Rock Phosphate as compared to 2014 - 15.

The price of Sulphur decrease during 2015 – 16 as compared to 2014 – 15. The average CFR price of Sulphur during 2014 – 15 was USD 177 per ton reduced to USD 150 (15%) per ton during 2015 – 16. On average, there was 15% decrease in price of Sulphur as compared to 2014 – 15.

Average price of Raw Material products (\$ / MT)

Product	2014-15	2015-16	% Increase/Decrease
Phos. Acid (C & F)	763	785	3
Ammonia (C & F)	555	421	24
Rock Phosphate (C & F)	145	101	30
Sulphur (C & F)	177	150	15

3. INDUSTRIAL PRODUCT SCENARIO:

The inter-linkage of Indian economy with rest of the world has been growing at a rapid pace and therefore global developments influence the domestic economy in a much bigger way than before.

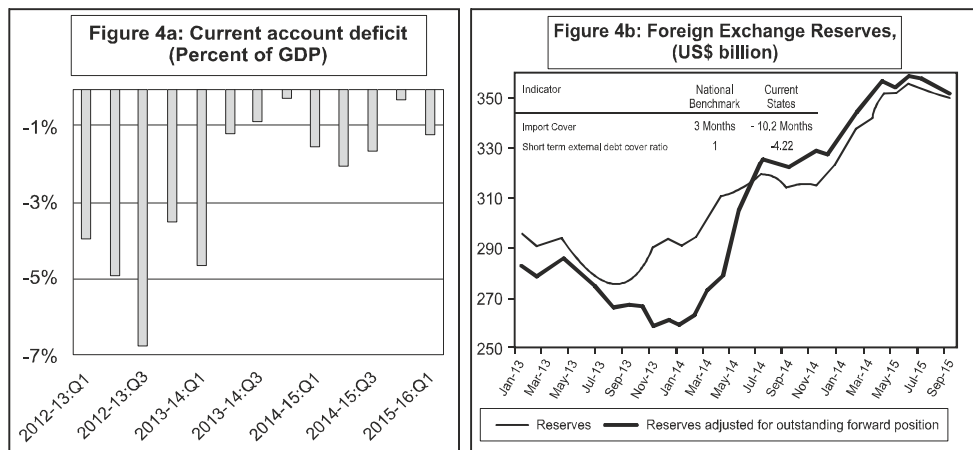
Fear of further weakening of the Chinese economy, its falling equity market and the depreciation of its currency looms large over the global economic prospects. The slowdown in China has also led to a sharp correction in commodity prices and weakening of commodity exporting economies and money started moving from risky assets to safe assets.

India has been variously hailed as "bright spot" amidst a slowing global economy. This flows from the fact that India is the best performing large economy with 7.6% estimated growth rate for FY16. Importantly, such growth has been accompanied by macro-economic stability. Inflation has been under control and the balance of payment position looks healthy. Current Account

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

Deficit (CAD) has narrowed to 1.4% of GDP (Q2, FY16) from the high of 4.8% in FY13. The current account deficit has declined and is at comfortable levels (about 1.2 percent of GDP); foreign exchange reserves have risen to US\$ 352.1 billion which seem ample, measured against conventional norms; net FDI inflows have grown from US\$ 15.8 billion in H1 (April-September) 2014-15 to over US\$ 17 billion in H1 2015-16 which is noteworthy against the background of uncertainty in other capital inflows; and finally, the nominal value of the rupee, measured against a basket of currencies has been steady or even strengthened.

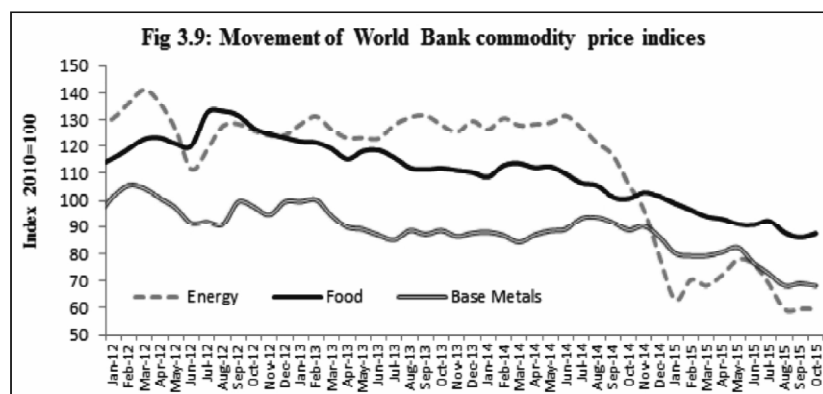
The rupee has gone from being one of the worst performing currencies—as a member of the fragile five—to one of the best performing currencies against the dollar this year. India thus seems well-positioned to absorb any volatility from possible U.S. Federal Reserve actions to normalize monetary policy.



The crude oil prices continue to remain soft in FY 2015-16. The entire petrochemicals value chain got the cascading effect leading to fall in prices of all industrial products of the company. India's industrial production reported an annual index of 179.0 for FY (15-16) as compared to the annual index of 174.9 for FY (14-15) thus registering a growth of 2.6% driven mainly due to Electricity generation and manufacturing sector.

Caprolactam price was under pressure since the beginning of the year. It further reduced from the level of USD 1550 PMT in April'15 to the level of USD 1150 PMT in March'16 owing mainly due to continued fall in crude oil prices as well as huge increase in Chinese capacities of Caprolactam.

Global commodity prices continued to decline because of weak demand and ample supplies. Energy prices dropped around 45 per cent (y-o-y) in 2015-16 due to continuing supply surpluses. In the current year, during FY 2015-16, food prices fell around 16 per cent despite El-Nino fears and metals prices also fell by 18 per cent, as compared to same period in 2014-15. All commodity price indices of World Bank are currently far below their base level.



EXPORTS:

Exports of MEK Oxime are 2923 MT in FY2015-16 as compared to 2983 MT during FY 2014-15. Like most other EM currencies, Rupee did come under pressure however, the last five quarters Rupee has shown more resilience as compared to its peers reflecting the improving macro-economic fundamentals of the country. Indian goods exports are sensitive to external demand to international relative price-competitiveness. In the backdrop of uncertain global demand, the challenge for the country would be to search for new markets and new products for existing markets besides addressing the issues relating to competitiveness of Indian exports.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

4. FINANCIAL PERFORMANCE OF THE COMPANY DURING FY 2015-16:

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	6163	+16%	6163	+16%
EBIDTA	678	-2%	679	-2%
Profit Before Tax (PBT)	547	-5%	548	-5%
Profit After Tax (PAT)	379	-5%	380	-5%

GSFC's Sales Turnover for the Year ended March 31, 2016 was Rs.6163 Crores which is higher by 16% as against Rs.5325 Crores as on March 31, 2015. The Fertilizer Sales was Rs.4380 Crores as against Rs.3288 in the previous year while for the Industrial Product Segment, your Company registered a net sales of Rs.1783 Crores as against Rs.2036 Crores 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	2015-16		2014-15	
	₹ Crores	%	₹ Crores	%
Fertilizer Segment	4380.43	71.07	3288.16	61.75
Industrial Products Segment	1782.90	28.93	2036.41	38.25
Total	6163.33	100.00	5324.57	100.00

The EBIDTA is Rs.678 Crores. The Profit Before Tax is Rs.547 Crores and Profit After Tax is Rs.379 Crores. At the end of the Financial Year 2015-16, the Company has total short term borrowings of Rs.1084 Crores as against Rs.511 Crores as on March 31, 2015. The Earning Per Share (EPS) was Rs.9.52 as compared to Rs.10.05 during the Financial Year 2014-15.

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 proper roles, responsibilities and authorities are well defined and no deviation is allowed without proper management approval.

6. TEN YEARS PRODUCT PERFORMANCE RECORD:

Product-wise performance in terms of production and sales for last ten years is tabulated given below :

PARTICULARS	Unit	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
PRODUCTION											
FERTILIZERS	MT	1491741	1385857	1423059	1436535	1470350	1556172	1812570	1469470	1594703	1778070
AMMONIUM SULPHATE	MT	334030	318680	306671	315145	298000	278470	271580	265710	292935	290600
AMMONIUM SULPHATE PHOSPHATE	MT	328430	337930	336340	294600	302800	280500	293600	207500	120120	243000
DI-AMMONIUM PHOSPHATE	MT	370200	314600	390300	424520	534100	706170	921090	674280	860000	859500
N P K	MT	47650	15460	19520	10280	0	0	0	41480	44640	82430
UREA	MT	411431	399187	370228	391990	335450	291032	326300	280500	277008	302540
CAPROLACTAM	MT	86297	89918	84856	83180	80503	79577	81151	70913	79716	79666
NYLON-6	MT	9885	9400	9751	9659	8914	9464	8715	8783	8683	9145
MELAMINE	MT	15697	14284	14916	14001	15279	13938	13735	13655	14741	15335
ARGON	'000NM3	3581	3611	3334	3458	3270	3327	3464	3183	3129	2912
MONOMER	MT	2281	3435	3227	3116	4287	4547	4597	3469	4156	4449
ACRYLIC SHEETS	MT	122	79	780	566	876	721	687	552	642	664
ACRYLIC PELLETS	MT	1346	969	1701	1974	2046	1710	1937	1887	2023	2082
NYLON FILAMENT YARN	MT	2783	3427	3643	3080	3910	4361	4433	4498	4705	5169
NYLON CHIPS	MT	8397	9114	9219	6563	5103	5399	4652	5097	5950	4084

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

PARTICULARS	Unit	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
SALES											
FERTILIZERS*	MT	1434684	1320471	1383154	1395376	1441232	1571500	1797894	1382463	1602782	1659381
AMMONIUM SULPHATE	MT	329778	315926	309843	320007	302915	336988	278211	229472	268681	271814
AMMONIUM SULPHATE PHOSPHATE	MT	334072	334193	335865	296470	304940	277285	293115	199853	142597	220601
DI-AMMONIUM PHOSPHATE	MT	368874	302666	386585	431238	543699	707529	948171	676957	900978	847952
N P K	MT	46558	14628	25811	3925	0	0	21	42071	61543	66471
UREA	MT	355402	353058	325051	343736	289678	249699	278375	234110	228983	252542
CAPROLACTAM*	MT	66483	68901	65725	64728	63082	61770	62650	53859	59710	63419
NYLON-6	MT	9999	9701	9915	9732	8756	9623	9189	8496	9138	9806
MELAMINE	MT	15096	14283	15378	14166	15283	13319	13695	14115	14804	15563
ARGON	'000NM3	3599	3622	3313	3453	3272	3327	3464	3184	3138	2911
MONOMER*	MT	1947	2934	1316	2108	2036	2292	2282	1374	1706	2090
ACRYLIC SHEETS	MT	112	122	707	678	726	728	696	584	598	692
ACRYLIC PELLETS	MT	1365	984	1705	1978	1993	1855	1883	1916	2038	2178
NYLON FILAMENT YARN	MT	2703	3233	3378	2924	3319	4033	4081	4740	4391	4788
NYLON CHIPS	MT	6262	6514	6455	6331	5121	5251	4596	5500	5737	4095

*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 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 formed a new subsidiary company GSFC Agrotech Limited under which business of certified seeds of notified hybrids and varieties having disease and pest resistance is carried out.

GSFC Agrotech Limited is manufacturing plant protein based Plant Growth Promoters viz. Sardar Amin Granules & Liquid, that contain certain amino acids and micronutrients which promote better plant growth.

It also manufactures Sardar Liquid Biofertilizers viz. Azotobacter, Azospirillum, & Phosphate Solubilizing Bacteria. The Liquid Biofertilizers have added advantage of higher bacterial count, longer shelf-life and applicability through Micro Irrigation System also. GSFC Agrotech Limited is also trading business of Mycorrhizal Biofertilizer under Sardar brand and supplies to Forest Department of Gujarat.

GSFC Agrotech Limited is a leader in Banana Tissue Culture plants in Gujarat State, it is also providing Sugarcane Tissue Culture Plants. The tissue culture plants are of uniform quality & disease resistant and fosters better yield.

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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

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 is one of the highest (76000) circulating magazines. 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 concern 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".

9. SAFETY, HEALTH AND ENVIRONMENT:

During the year in context, strengthening of safety management system was emphasized. External safety audit was carried out. Safety training program for contractors and their representatives have been arranged on regular basis during the year under review. The focus is on proactive endeavor and therefore training on basic fire prevention and usage of fire extinguishers has attracted over 1000 participants. Basic Fire safety is imparted to school going students in nearby pockets as well viz Ranoli, Dashrath and FNC School. Plant shutdown and start up activities pose hazards that are different than normal working plant hazards and therefore intensified safety cover was provided in a structured manner, ensured right kind of hand tools, power tools, lifting tools tackles as well material handling and shifting devices were utilized to ascertain appropriate safety layers in place.

There is project work going on viz Nylon 6(II), WSF, Melamine expansion etc which again has its own set of safety challenges. Adequate measures have been taken to ensure safety during work by intensifying site supervision and walk through safety inspections.

Measures have been initiated to impart mechanical facelift to fire fighting vehicles and as such mechanically elevated working platform ie snorkel is ready to offer service on the spur of the moment and can scale an elevation of 40 Meters.

10. HUMAN RESOURCES:

Shareholders are requested to refer to point 25 on page no. 16 of the Directors Report which forms part of the Annual Report.

For and on behalf of the Board

Place : Fertilizernagar
Date : 27.07.2016

Sd/-
G. R. Aloria, IAS
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 : Data sources :Websites of (1) Ministry of Finance, Department of Economic Affairs, (2) Ministry of Fertilizers & Chemicals, Department of Fertilizers, Govt. of India, (3) Govt. of Gujarat, (4) FAI, New Delhi, (5) Economic Survey- 2015-16, (6) Fertilizer Market Bulletins and (7) A special issue on Vibrant Gujarat 2015 (8)RBI Bulletin.

CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement and Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (referred as SEBI (LODR) Regulations, 2015).

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 an 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 (CMD), 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 SBI (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, 2016 was eight; its composition is tabulated below:

	Name of Directors	Category
1.	Shri A. M. Tiwari, IAS (w.e.f. 01.02.2016) Managing Director	Promoter, Executive, Non Independent, Non Rotational Director
2.	Dr. S K Nanda, IAS (till 31.01.2016) Chairman & Managing Director	
3.	Shri D.C. Anjaria	Non Executive, Independent, Non Rotational Director
4.	Prof. Vasant P. Gandhi	
5.	Shri Ajay N. Shah	
6.	Shri Vijai Kapoor	
7.	Smt. Geeta Goradia	
8.	Dr. J N Singh, IAS	Non Executive, Non Independent Rotational Director
9.	Shri L. Chuaungo, IAS (w.e.f. 08.04.2015)	

CORPORATE GOVERNANCE REPORT (Contd.)

In all, seven meetings of the Board of Directors of the Company were held during the Financial Year 2015-16 as detailed below:

Sr. No.	Dates of Board meeting	Board strength	No. of Directors present
1.	14/05/2015	8	5
2.	28/07/2015	8	6
3.	05/10/2015	8	6
4.	23/10/2015	8	6
5.	21/01/2016	8	6
6.	25/02/2016	8	6
7.	31/03/2016	8	5

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 2015-16 at the Board Meetings and the 53rd 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	Shri A. M. Tiwari, IAS Managing Director (w.e.f. 01/02/2016)	Promoter's i.e. GOG Nominee Executive Director	-	2	N.A.	4	-- 1
2	Shri D. C. Anjaria	Non-Executive/ Independent Director	@3950	7	Yes	5	2 1
3	Prof. Vasant P. Gandhi	Non- Executive/ Independent Director	@2500	6	Yes	2	1 2
4	Shri Ajay N. Shah	Non- Executive/ Independent Director	@2500	5	No	4	- 1
5	Shri Vijai Kapoor	Non- Executive/ Independent Director	@2500	6	Yes	1	- -
6	Smt. Geeta Goradia	Non- Executive/ Independent Director	-	5	Yes	5	- 1
7	Dr J. N. Singh, IAS	Non- Executive/ Non-Independent Director	-	2	No	10	- 3
8	Shri L. Chuaungo, IAS (w.e.f. 23.04.2015)	Non- Executive/ Non-Independent Director	-	3	Yes	9	- 3
12	Dr. S. K. Nanda, IAS Chairman & Managing Director (till 31.01.2016)	Promoter's i.e. GOG Nominee Executive Director	-	5	Yes	--	-- --

@ Holding 2500 Equity Shares in joint account with Gujarat State Investments Ltd. as qualification shares and balance in personal capacity.

(*) In accordance with Clause 26 of SEBI (LODR) 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.

CORPORATE GOVERNANCE REPORT (Contd.)

☛ Disclosure regarding appointment/ re-appointment of Directors at the Annual General Meeting :

Chairman & Managing Director – Executive Director

Shri A. M. Tiwari, IAS has been nominated as Managing Director of the Company w.e.f. 01.02.2016 in place of Dr. S. K. Nanda, IAS, Chairman & Managing Director (till 31.01.2016). Shri A. M. Tiwari, was also appointed as Chairman for a period from 01.02.2016 to 17.02.2016. Shri G. R. Aloria, IAS has been appointed as Chairman of the Company w.e.f. 03.05.2016.

Accordingly, resolutions relating to appointment and terms & conditions relating to appointment of Shri A. M. Tiwari, IAS is placed for your approval.

Shri L Chuaungo, IAS has been appointed w.e.f. 08.04.2015 as a rotational director. Consequent upon his transfer from Energy & Petrochemicals Department of Government of Gujarat, he has tendered his resignation on 27.06.2016 and hence ceased to be the Director of the Company. Shri Sujit Gulati, IAS has been appointed w.e.f. 25.07.2016 as a rotational director in place of Shri L Chuaungo. Shri Sujit Gulati shall be liable to retire by rotation at the ensuing Annual General Meeting, has offered himself for re-appointment. The declaration of independency has been received from Shri D C Anjaria, Prof. Vasant Gandhi, Shri Ajay Shah, Shri Vijai Kapoor and Smt. Geeta Goradia in terms of provisions of Companies Act, 2013 read with relevant Schedule & regulations of SEBI (LODR) Regulations, 2015, which have been noted by the board.

The brief resume of Directors with regard to appointment/ re-appointment at 54th Annual General Meeting is annexed to the Notice convening the 54th 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 2015-16 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 has noted the adherence to the code of conduct. The Code of Conduct of the Company is available on the Company's web-site viz. www.gsfclimited.com.

☛ 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 has 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.

CORPORATE GOVERNANCE REPORT (Contd.)

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
Shri D.C. Anjaria	2,10,000/-
Prof. Vasant P. Gandhi	1,90,000/-
Shri Ajay N. Shah	90,000/-
Shri Vijai Kapoor	80,000/-
Smt. Geeta Goradia	1,30,000/-
Dr. J. N. Singh, IAS	80,000/-*
Shri L. Chuaungo, IAS	1,10,000/-*

(*) 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/ Chairman & Managing Director.

Remuneration to the Executive Director (Managing Director/ Chairman & Managing Director):

The Managing Director/ Chairman & 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 2015-16 are as under:

Name of MD/ CMD	Salary & Perquisites
Dr. S. K. Nanda, IAS (CMD till 31.01.2016)	Rs. 23.31 Lakhs
Shri A. M. Tiwari, IAS (MD w.e.f. 01.02.2016)	Rs. 3.23 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 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 five 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 Clause 49 of the Listing Agreement/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, or obtain legal or other professional advice from external sources, whenever required.

CORPORATE GOVERNANCE REPORT (Contd.)

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 2015-16, five meetings of Finance-cum-Audit Committee were held i.e. on 14-05-2015, 28-07-2015, 23-10-2015, 21-01-2016 and 31-03-2016. 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	5
2	Prof. Vasant P. Gandhi	IndependentNon-Executive	5	4
3	Shri Ajay N. Shah	IndependentNon-Executive	5	3
4	Smt. Geeta Goradia	IndependentNon-Executive	3	2
5	Dr J N Singh	Non-IndependentNon-Executive	5	1

CORPORATE GOVERNANCE REPORT (Contd.)

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. 53rd Annual General Meeting held on 16-09-2015.

3 STAKEHOLDERS RELATIONSHIP COMMITTEE

Pursuant to provisions of Section 178(5) of the Companies Act, 2013 and Clause 49 of Listing Agreement / Regulation 20 of SEBI (LODR) Regulations, 2015, Stakeholders Relationship Committee of the Board comprises of Prof. Vasant Gandhi, Chairman of the Committee, Shri L. Chuaungo, member of the Committee and Dr. S K Nanda (till 31.01.2016) member of the committee as on 31.03.2016. Shri V V Vachhrajani, Company Secretary & Vice President (Legal) is the Compliance Officer for complying with requirements of Securities Laws and Listing Regulations with Stock Exchanges.

During the FY 2015-16, three meetings of the Committee were held i.e. on 28-07-2015, 23-10-2015 and 21-01-2016. The details of Committee members and their attendance at the Committee meetings during the Financial Year 2015-16 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	3	3
2	Shri L. Chuaungo, IAS	3	1
3	Dr. S K Nanda, IAS	3	3

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 encompasses 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. 2015-16 and their status as on date. It is further reported that as on 31-03-2016, there are no outstanding complaints pertaining to and received during the F.Y. 2015-16:

(a) No. of complaints received from Shareholders/Investors during the Financial Year 2015-16.	23
(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 2015-16.	650
(d) No. of pending requests for share transfers, transmissions and transposition of shares as on 31-3-2016.	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, 2016 total 38,60,10,608 Equity Shares of Rs. 2/- each representing 96.87% of the total no. of Shares were dematerialized.

CORPORATE GOVERNANCE REPORT (Contd.)

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 31.03.2016:

1. Dr. J N Singh - 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 L Chuaungo – Member – Non- Independent & Non-executive Director
5. Shri A. M. Tiwari – Member - Non-Independent & Executive Director

During the year 2015-16, two meetings were been held on 27.07.2015 and 31.03.2016.

The details of Committee members and their attendance at the Committee meetings during the Financial Year 2015-16 are furnished below:

Sr. No.	Name of the Members	No. of meetings held during the tenure of Directors	No. of Meetings Attended
1	Dr. J. N. Singh, IAS	2	2
2	Smt. Geeta Goradia	2	1
3	Shri D C Anjaria	2	2
4	Shri L. Chuaungo, IAS	2	1
5	Dr. S K Nanda, IAS (till 31.01.2016)	1	1
6	Shri A. M. Tiwari, IAS (w.e.f. 01.02.2016)	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 Clause 49 of Listing Agreement / Regulation 19 of SEBI (LODR) Regulations, 2015, 'Nomination and Remuneration Committee' of the Board consists of following members as on 31.03.2016:

- (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) Dr. J N Singh, Member - Non-Independent & Non-executive Director,
- (5) Shri L. Chuaungo, Member - Non-Independent & Non-executive Director,
- (6) Shri A. M. Tiwari, Special Invitee - Non-Independent & Executive Director.

During the Financial Year 2015-16, three meetings of Nomination and Remuneration Committee were on 14/05/2015, 25/02/2016 and 31/03/2016.

Sr. No.	Name of the Members	No. of meetings held during the tenure of Directors	No. of Meetings Attended
1	Shri D C Anjaria	3	3
2	Prof. Vasant Gandhi	3	2
3	Smt. Geeta Goradia	3	2
4	Dr. J. N. Singh, IAS	3	2
5	Shri L. Chuaungo, IAS	3	1
6	Dr. S K Nanda, IAS (till 31.01.2016)	1	1
7	Shri A. M. Tiwari, IAS (w.e.f. 01.02.2016)	2	2

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 www.gsfclimited.com.

CORPORATE GOVERNANCE REPORT (Contd.)

➤ **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 / SEBI (LODR) Regulations, 2015 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 / SEBI (LODR) Regulations, 2015. 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.

➤ **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 Companies Act, 2013 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 and 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:

- a) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the Financial Year - Not Applicable, as the Directors are not paid any salary.

CORPORATE GOVERNANCE REPORT (Contd.)

- b) 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.
- c) 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.
- d) The number of permanent employees on the rolls of the Company-
Submission: 3062 permanent employees are on the rolls of the company. (i.e. Vadodara Unit as on 31/03/2016)
- e) The explanation on the relationship between average increase in remuneration and company performance- Not applicable
- f) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company- Not applicable
Note: Salary of Chief Financial Officer Rs.41,40,680/-, Salary of Company Secretary Rs.37,00,467/-
- g) 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.
- h) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company- Not applicable
Note: Salary of Chief Financial Officer Rs.41,40,680/-, Salary of Company Secretary Rs.37,00,467/-
- i) The key parameters for any variable component of remuneration availed by the directors-Not Applicable, as the Directors are not paid any salary.
- j) 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- Not Applicable, as the Directors are not paid any salary / remuneration.
- 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 –
- i) If employed throughout the Financial Year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees.
Submission: Number of employees received remuneration not less than sixty lakh rupees for the year, in the aggregate- Nil
- ii) 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 five lakh rupees per month.
Submission: Number of employees received remuneration not less than five lakh rupees per month for the year, in the aggregate- Nil
- iii) 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 Clause 49 of the Listing Agreement / relevant provisions of SEBI (LODR) Regulations, 2015, 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.

CORPORATE GOVERNANCE REPORT (Contd.)

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 Regulation 21 of SEBI (LODR) Regulations, 2015;
- 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 :

Meetings	53rd AGM	52nd AGM	51st AGM
Particular			
Date	September 16, 2015	August 08, 2014	August 03, 2013
Start Timing	3.00 PM	12.30 PM	3.30 PM
Venue	Cultural Center Auditorium situated at P. 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.
- Three Special Resolutions for borrowing limits u/s 180 (1) (c) of Companies Act, 2013, for creating charge etc. on company's properties u/s 180 (1) (a) of Companies Act, 2013 and for alignment of Articles of Association with provisions of Companies Act, 2013 were passed at 52nd Annual General Meeting with requisite majority.
- 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 requisite 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, 26 and Clause (b) to (i) of Sub Regulations 46 of the SEBI (LODR) 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 Chairman & Managing Director (CEO) of the Company has certified the compliance of Code of Conduct in respect of the Financial Year 2015-16 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 2015-16 and hence no complaints is outstanding as on 31.03.2016 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.

CORPORATE GOVERNANCE REPORT (Contd.)

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 14.05.2015 & 21.05.2016, 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 Regulation 25(7) of the SEBI (LODR) Regulations, 2015 was arranged for the Independent Directors on 21.05.2016 by way of presentation, 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 Agreement / SEBI (LODR) Regulations, 2015. The following web-link can be clicked/used to access those policies/details; http://www.gsfclimited.com/statu_comp.asp?mnuid=12.

- | | |
|--|---|
| 1. Vigil Mechanism/Whistle Blower Policy | 2. Terms of Appointment of Independent Director |
| 3. Policy for Evaluation of Board Performance | 4. Nomination & Remuneration -cum-Board Diversity Policy |
| 5. Code of Conduct | 6. Corporate Social Responsibilities(CSR) Policy |
| 7. Policy on materiality of Related Party Transactions and dealing with Related Party Transactions | 8. Code of conduct - SEBI (PIT) Regulations, 2015 |
| 9. Familiarisation programme of Independent Directors | 10. 54th AGM e-voting process & Book Closure Notice |
| 11. Notice of Fifty-fourth Annual General Meeting | 12. Authority to KMP to determine materiality of event |
| 13. List of GSFC committees | 14. Policy on determining materiality of event or information |
| 15. Policy on preservation of documents | 16. Stock Exchange Submission File |
| 17. Press Clippings | |

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 Agreement / SEBI (LODR) Regulations, 2015 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)
30-06-2015	28-07-2015
30-09-2015	23-10-2015
31-12-2015	21-01-2016
31-03-2016	24-05-2016

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@gsfcld.com.

CORPORATE GOVERNANCE REPORT (Contd.)

10 GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting

As is indicated in the Notice convening the 54th Annual General Meeting of the Company will be held on 17th day of September, 2016 at 3.00 P.M. 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, 2016	Latest by 14 th August, 2016
Unaudited Results for Quarter ending September 30, 2016	Latest by 14 th November, 2016
Unaudited Results for Quarter ending December 31, 2016	Latest by 14 th February, 2017
Audited Results for Quarter/ Year ending March 31, 2017.	Latest by 30 th May, 2017

c) Book closure date

The Register of Members of the Company shall remain closed from 03rd September, 2016 to 17th September, 2016. (Both days inclusive).

d) Dividend payment date

Dividend shall be paid on and from 23rd September, 2016.

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	500690
02	National Stock Exchange of India Limited	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. 2016-17 has been paid by the Company.

(ii) Demat ISIN Number in NSDL & CDSL for Equity shares : INE026A01025.

(iii) Corporate Identity Number (CIN) : L99999GJ1962PLC001121

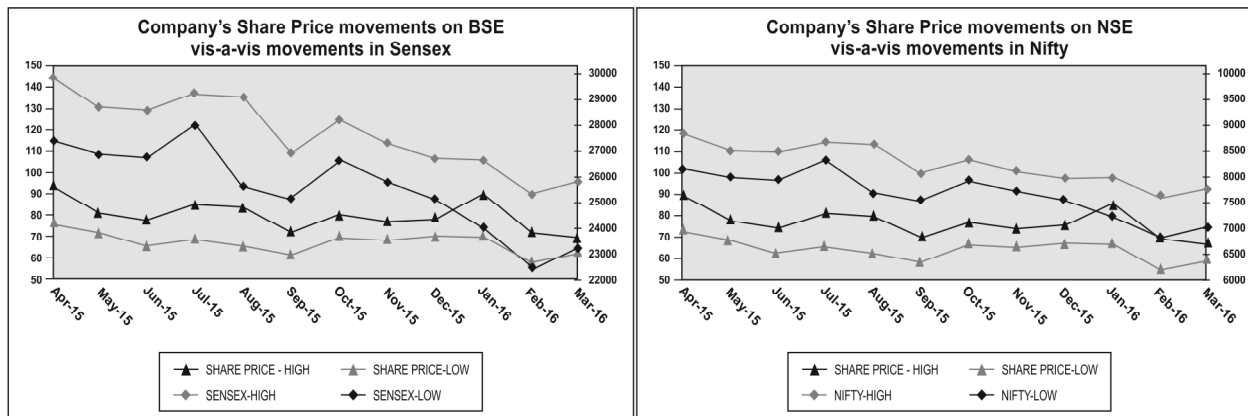
(iv) Stock Market Data

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-15	29094.61	26897.54	90.70	74.30	8844.80	8144.75	91.10	74.25
May-15	28071.16	26423.99	78.70	70.25	8489.55	7997.15	79.00	70.20
Jun-15	27968.75	26307.07	75.55	64.65	8467.15	7940.30	75.50	64.50
Jul-15	28578.33	27416.39	82.10	67.40	8654.75	8315.40	82.10	67.15
Aug-15	28417.59	25298.42	81.00	64.50	8621.55	7667.25	81.00	64.15
Sep-15	26471.82	24833.54	70.70	61	8055.00	7539.50	70.60	60.85
Oct-15	27618.14	26168.71	77.60	68.75	8336.30	7930.65	77.75	68.75
Nov-15	26824.3	25451.42	74.80	67.35	8116.10	7714.15	74.75	67.40
Dec-15	26256.42	24867.73	76.45	68.50	7979.30	7551.05	76.60	68.60
Jan-16	26197.27	23839.76	86.70	68.80	7972.55	7241.50	86.50	68.75
Feb-16	25002.32	22494.61	70.50	57.65	7600.45	6825.80	70.40	57.50
Mar-16	25479.62	23133.18	67.80	62.05	7777.60	7035.10	67.70	62.10

CORPORATE GOVERNANCE REPORT (Contd.)

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 2015 to March 2016.



(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, 2016

➤ 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 Funds	5,70,24,007	14.31
Companies & Banks	11,56,98,330	29.04
Individuals, Co-operative Societies & Co-operative Banks	7,49,55,288	18.81
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	90816	80.78	13505751	3.39
501 – 1000	9825	8.74	7805971	1.96
1001 – 2000	6066	5.40	9076527	2.28
2001 – 3000	2148	1.91	5432851	1.36
3001 – 4000	843	0.75	3011258	0.76
4001 – 5000	760	0.68	3614435	0.91
5001 – 10000	1017	0.90	7545369	1.89
10001 and above	945	0.84	348485368	87.45
Total	112420	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, 2016 - 1005 shares of Rs. 2/- each in respect of 6 shareholders were credited to their demat account and 34,155 shares of Rs. 2/- each are lying in the suspense account as on 31st March, 2016.

CORPORATE GOVERNANCE REPORT (Contd.)

- i) ➤ No pledge has been created over the Equity Shares held by the Promoters as on March 31, 2016.
- 96.87% of the Equity Shares have been dematerialized till 31/03/2016. 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 2016-17.
- 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 and from 23rd September, 2016 upon its approval by the Shareholders in the ensuing 54th 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 |

j) **Address for Correspondence**

The shareholders may send their communications at the following address :

Company Secretary & Vice President (Legal)

Gujarat State Fertilizers & Chemicals Limited, Fertilizernagar - 391 750, Dist. Vadodara

Tel. Nos. 0265-2242451/2242651/2242751, Fax No. 0265-2240966/2240119

E-mail: vishvesh@gsfcltd.com, Website: www.gsfclimited.com

or

Registrars & Transfer Agents for Equity Shares of the Company

Link Intime India Pvt. Ltd. (Unit - GSFC) 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

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.

Date : 15/04/2016
Place : Fertilizernagar

Sd/-
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 (hereinafter referred to as 'the Company') for the year ended 31st March, 2016 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges in India and/or Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') as may be applicable.

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 Corporate 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 Agreement and/or Listing Regulations as may have been applicable.

We state that in respect of investor grievances received during the year ended 31st March 2016, no grievances are 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 & Associates
Company Secretaries
ACS # 9711, CP # 9927

Vadodara
25th July, 2016

FINANCIAL HIGHLIGHTS OF TEN YEARS

PARTICULARS	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
OPERATING RESULTS										(₹ in Crores)
GROSS INCOME	6228	5427	5537	6391	5464	4856	4132	5952	3649	3413
GROSS PROFIT	648	675	640	900	1276	1259	530	883	500	496
DEPRECIATION	101	101	145	132	129	147	141	143	142	143
EXCEPTIONAL ITEMS	-	-	-	-	(34)	-	-	-	-	-
PROFIT / (LOSS) BEFORE TAX	547	574	495	768	1113	1112	389	740	358	353
TAX	168	173	153	250	356	363	135	241	120	86
PROFIT / (LOSS) AFTER TAX	379	401	342	518	758	749	254	499	238	267
DIVIDEND	88	88	80	80	60	56	36	36	36	36
DIVIDEND TAX	18	18	13	13	10	9	6	6	6	6
RETAINED EARNINGS	273	295	249	425	688	684	213	457	196	225
AMOUNT PER SHARE (Rupees)*										
SALES	155	134	136	157	665	597	504	738	448	416
EARNING	10	10	9	13	95	94	32	63	30	33
CASH EARNING	12	13	12	16	117	119	47	69	44	50
EQUITY DIVIDEND	2.20	2.20	2.00	2.00	7.50	7.00	4.50	4.50	4.50	4.50
BOOK VALUE	119	112	107	99	441	355	269	242	185	171
MARKET PRICE: HIGH	91	125	63	91	504	413	255	216	370	251
LOW	58	53	44	55	322	215	87	61	141	142

* Per share figures for F.Y. 2012-13 to 2015-16 are based on face value of ₹ 2/- for remaining years figures are based on face value of ₹ 10/-

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the standalone 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 37 to the standalone financial statements regarding the basis on which the Company has continued to recognise revenue of Rs. 18,836 lakhs for the current year (Previous year Rs. 17,853 lakhs) and trade receivables of Rs. 84,375 lakhs as at March 31, 2016 (as at March 31, 2015 Rs. 65,490 lakhs) in respect of subsidy on Ammonium Sulphate as stated in the note, till ultimate outcome of the matter, which is pending with the Department of Fertilizers to examine the Company's representations as per the orders of the Honourable Delhi High Court.

Our opinion is not qualified in respect of this matter.

INDEPENDENT AUDITORS' REPORT (Contd...)

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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the 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 Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 29 to the financial statements
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - 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 **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117364W)

(Gaurav J Shah)
(Partner)
(Membership No. 35701)

Place : Gandhinagar
Date : May 24, 2016

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ 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, 2016 in conjunction with our audit of the standalone 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 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.

Auditor’s 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 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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.

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117364W)

(Gaurav J Shah)

(Partner)

(Membership No. 35701)

Place : Gandhinagar

Date : May 24, 2016

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) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed 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 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.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT (Contd...)

- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed 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) According to the information and explanations given to us, in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
 - 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, 2016 on account of disputes are given below:

(₹ in Lakhs)				
Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (excluding interest & penalty)
Income Tax Act, 1961	Income Tax	Upto Income Tax Appellate Tribunal	F.Y. 1991-92 & FY 2006- 07	122.52 [^]
Central Excise Act, 1944	Excise Duty	Supreme Court	Various years from 1985-86 to 2014-15	12.55 [#]
		High Court		1,718.30 [#]
		UptoCESTAT		855.12 [#]
Gujarat Value Added Tax Act, 2003	Gujarat Value Added Tax	Jt/DyCommissioner of Commercial Tax	Various years from 2006-07 to 2010-11	1,414.25 [*]
Central Sales Tax Act, 1956	Central Sales Tax	Gujarat Commercial Tax Tribunal	Various years from 2006-07 to 2010-11	2,539.92 ^{**}
Central Sales Tax Act, 1956	Central Sales Tax	Assistant/Additional Commissioner of Sales Tax, Kolkata	1995-96 & 1997-98	2.21 ^{***}

[^] Net of Rs. Nil paid under protest

^{*} Net of Rs. 140 lakhs paid under protest

^{***} Net of Rs. Nil paid under protest

[#] Net of Rs. 1832.30 lakhs paid under protest

^{**} Net of Rs. 215 lakhs paid under protest

- (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 banks. The Company has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT (Contd...)

- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud 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 and 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 to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the 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 CARO 2016 is not applicable to the Company.
- (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 transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117364W)

(Gaurav J Shah)
(Partner)
(Membership No. 35701)

Place : Gandhinagar
Date : May 24, 2016

BALANCE SHEET AS AT 31ST MARCH, 2016

(₹ in lakhs)

		Note	As at 31st March	
			2016	2015
A. EQUITY AND LIABILITIES				
1. Shareholders' Funds				
(a)	Share capital	2	7,969.55	7,969.55
(b)	Reserves and surplus	3	465,835.07	438,451.31
			473,804.62	446,420.86
2. Non-current liabilities				
(a)	Long term borrowings	4	10,613.26	19,194.51
(b)	Deferred tax liabilities (Net)	5	25,586.78	27,614.63
(c)	Long term provisions	6	22,282.61	17,471.97
			58,482.65	64,281.11
3. Current liabilities				
(a)	Short term borrowings	7	108,422.19	51,068.40
(b)	Trade payables	8	56,113.02	34,735.40
(c)	Other current liabilities	9	30,326.80	20,427.31
(d)	Short term provisions	10	33,122.21	28,313.15
			227,984.22	134,544.26
TOTAL			760,271.49	645,246.23
B. ASSETS				
1. Non-current assets				
(a)	Fixed assets			
(i)	Tangible assets	11	194,858.23	194,849.41
(ii)	Intangible assets	11	937.29	943.17
(iii)	Capital work-in-progress		40,344.52	25,988.66
(b)	Non-current investments	12	88,789.69	85,772.58
(c)	Long term loans and advances	13	22,036.58	23,928.85
(d)	Other non current assets	14	3,881.51	3,840.18
			350,847.82	335,322.85
2. Current assets				
(a)	Inventories	15	62,684.09	63,191.53
(b)	Trade receivable	16	330,818.35	193,028.26
(c)	Cash and cash equivalents	17	4,032.62	35,498.90
(d)	Short term loans and advances	18	5,403.43	8,415.24
(e)	Other current assets	19	6,485.18	9,789.45
			409,423.67	309,923.38
TOTAL			760,271.49	645,246.23
Significant Accounting policies		1		
See accompanying notes forming part of financial statements				

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No. 117364W

Gaurav J. Shah
Partner
Membership No. 35701

Gandhinagar
24th May, 2016

A M Tiwari
Managing Director

V. D. Nanavaty
Sr. VP (Finance) & CFO

Gandhinagar
24th May, 2016

G R Aloria
Chairman

V. V. Vachhrajani
Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31ST MARCH, 2016

(₹ in lakhs)

	Note	Year Ended 31st March	
		2016	2015
I Income			
Revenue from operations			
Sales (Gross)	20	637,876.32	557,619.11
Less: Excise duty		21,543.67	25,162.51
Net Sales		616,332.65	532,456.60
Other income	21	6,482.99	10,193.61
Total revenue		622,815.64	542,650.21
II Expenses			
Cost of materials consumed	22	313,171.51	292,983.99
Purchase of stock in trade	23	74,116.10	33,461.79
Changes in inventories of finished goods, work in process and stock in trade	24	(3,559.31)	2082.40
Power and Fuel		50,688.16	48,840.08
Employee benefit expenses	25	53,548.27	38,732.77
Finance cost	26	3,021.21	1,800.77
Depreciation and amortization expense	11	10,068.92	10,065.81
Other expenses	27	67,048.18	57,291.54
Total Expenses		568,103.04	485,259.15
III Profit before exceptional items and tax (I-II)		54,712.60	57,391.06
IV Exceptional items		-	-
V Profit before tax (III-IV)		54,712.60	57,391.06
VI Tax expense			
Current tax		18,805.53	15,892.09
Deferred tax	5	(2,027.85)	1448.41
VII Profit for the year		37,934.92	40,050.56
Basic and Diluted Earnings per equity share:	28	9.52	10.05
Nominal value per share ₹		2.00	2.00
See accompanying notes forming part of financial statements			

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No. 117364W
Gaurav J. Shah
Partner
Membership No. 35701

Gandhinagar
24th May, 2016

A M Tiwari
Managing Director

V. D. Nanavaty
Sr. VP (Finance) & CFO

Gandhinagar
24th May, 2016

G R Aloria
Chairman

V. V. Vachhrajani
Company Secretary

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

(₹ in lakhs)

	As at 31st March	
	2016	2015
A Cash Flow From Operating Activities :		
Profit Before Tax	54,712.60	57,391.06
Adjustments for :		
Depreciation and amortisation expense	10,068.92	10,065.81
Finance cost	3,021.21	1,800.77
Interest received	(1,847.41)	(2,706.18)
Loss on fixed assets sold/written off	26.38	15.91
Profit on sale of fixed assets	(0.13)	(0.05)
Income from investments	(1,313.91)	(1,859.38)
Provision for doubtful debts/advances	533.67	550.68
Operating Profit before Working Capital Changes	65,201.33	65,258.62
Changes in working capital:		
Inventories	507.44	5,927.75
Trade receivables and loans and advances	(134,028.49)	(3,276.15)
Trade payables, other current liabilities & provision	32,696.89	(27,082.37)
Cash Generated from/ (used in) Operations	(35,622.83)	40,827.85
Direct taxes paid	(16,777.17)	(15,038.78)
Net Cash Flow From/ (used in) Operating Activities	(52,400.00)	25,789.07
B Cash Flow From Investing Activities :		
Purchase of fixed assets	(24,454.28)	(13,866.98)
Sale of fixed assets	0.29	0.56
Purchase of investments	(200.00)	(3,031.00)
Interest received	3,194.71	1,643.86
Dividend received	1,313.91	1,859.38
Net Cash Flow from/ (used in) Investing Activities	(20,145.37)	(13,394.18)
C Cash Flow From Financing Activities		
Gross repayment of long term borrowings	(3,025.14)	(3,076.68)
Net increase/(decrease) in cash credit/buyers credit	17,353.79	(1,385.13)
Gross proceeds from short term borrowings	60,000.00	10,000.00
Gross repayment of short term borrowings	(20,000.00)	(10,000.00)
Finance cost	(2,764.35)	(1,800.12)
Dividend paid	(8,700.56)	(7,918.53)
Tax on dividend paid	(1,784.65)	(1,354.43)
Net Cash Flow from/ (used in) Financing Activities	41,079.09	(15,534.89)
Net Increase/ (Decrease) in Cash & Cash Equivalents (Refer Note-17)	(31,466.28)	(3,140.00)
Cash and Cash Equivalents as at the beginning of the year	35,498.90	38,638.90
Cash and Cash Equivalents as at end of the year	4,032.62	35,498.90
See accompanying notes forming part of the financial statements		

Note: The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 "Cash Flow Statements".

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Firm Registration No. 117364W
Gaurav J. Shah
Partner
Membership No. 35701

Gandhinagar
24th May, 2016

A M Tiwari
Managing Director

V. D. Nanavaty
Sr. VP (Finance) & CFO

Gandhinagar
24th May, 2016

G R Aloria
Chairman

V. V. Vachhrajani
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation and presentation of financial statements :

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the mandatory Accounting Standards notified under Section 133 of the Companies Act, 2013 and the other relevant provisions of the Companies Act, 2013. The significant accounting policies have been consistently applied by the Company.

B. Capital Expenditure :

- a) Fixed Assets acquired and constructed are stated at historical cost including attributable cost for bringing the asset to its intended use.
- b) Assets under erection / installation of the existing projects and on going projects are shown as "Capital Work in Progress".
- c) Capital advances given for procurement of fixed assets are treated as non current assets irrespective of when fixed assets are expected to be received and are classified as Long term loans and advances.
- d) 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.
- e) Major cost of civil works required as plant and machinery supports, on the basis of technical estimates, is considered as Plant & Machinery.
- f) Advances paid for the purchase / acquisitions of land in possession of the Company are included in the cost of land.
- g) Renewals and replacements are either capitalised or charged to revenue as appropriate, depending upon the nature and long term utility of such renewals and / or replacements.
- h) Intangible assets are stated at cost.

C. Borrowing Cost :

Borrowing cost of the funds borrowed for the qualifying asset is capitalised till the date of commencement of commercial production. Other borrowing cost is charged to revenue.

D. Depreciation and Amortisation :

Depreciation on Fixed Assets is provided on Straight Line Method at the rates prescribed in Schedule II to the Company's Act, 2013. Depreciation on additions to fixed assets 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. Exchange variation adjusted in the carrying cost of the fixed assets is amortised over the residual life of the assets.

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.

Assets retired from use and held for disposal are stated at cost or realizable value whichever is lower. No depreciation has been charged on these assets after their retirement.

E. Impairment of Assets :

The Company makes assessment to find out whether there are any indications for impairment of assets as provided in the Accounting Standard notified under Section 133 of the Companies Act, 2013. If any such indications are available then further process as per the Accounting Standard is carried out by the Company and necessary adjustments in the books of the accounts are made accordingly.

F. Foreign Currency Transaction :

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the year-end are translated into rupee at the contract rates, when covered by forward cover contracts and at the year-end exchange rates in other cases. The exchange difference arising on foreign currency transactions including gain or loss arising due to cancellation of forward cover contracts are recognised in the statement of profit and loss except those relating to fixed assets acquired prior to 01-04-2004 which are adjusted to the carrying cost of the fixed assets. Accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the Income Statement. Net gains on derivative transactions are ignored.

G. Investments :

Current investments are carried at the lower of cost or quoted / fair value. Long term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of long term investments.

H. 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.

I. Revenue Recognition :

- a) Sales of industrial products are accounted on the dispatch basis except export sales, which are recognised on the basis of bill of lading. Sales of fertilizers are accounted for on the basis of issue of release orders. Subsidy and equated freight on fertilizers are accounted on accrual basis

NOTES TO THE FINANCIAL STATEMENTS

as and when the order notified by for the same is available with the Company from the Government of India.

- b) 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.

J. Employee Benefits :

Defined benefit plans:

- (a) 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.

- (b) Post Employment benefits

Post employment benefits comprise of gratuity, superannuation for the eligible employees of all the four units of the Company and medical benefit for eligible employees of Baroda unit 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 expense is recognized at the present value of the amount payable using actuarial valuation carried out as at the end of the year in accordance with the revised Accounting Standard 15 (revised 2005) on 'Employee Benefits' issued by the Central Government.

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 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.

The Company also contributes to a government administered Family Pension fund on behalf of its employees

- (c) Other long term employee benefits

Other long term employee benefits comprise of leave encashment. The Company accounts for Leave Encashment Liability on the basis of actuarial valuation carried out as at the end of the year.

- (d) Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the statement of profit and loss.

Defined contribution plans:

The Company's contribution to National Pension Scheme is considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made

K. Research and Development:

Capital expenditure on Research & Development activities is included in Fixed Assets 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.

L. Taxation:

Provision for Current Income tax is based on the estimated taxable income for the period in accordance with the provisions of the Income Tax Act, 1961 and at the rate enacted or substantively enacted at the balance sheet date.

Deferred Tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date and is recognised on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets, subject to consideration of prudence, are recognised and carried forward only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

M. Segment Reporting :

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.

N. Provisions, Contingent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of a past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes to the financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2. Share Capital

(₹ in lakhs)

	As at 31st March			
	2016		2015	
	Number of Shares	Amount	Number of Shares	Amount
	Refer Note (a) below		Refer Note (a) below	
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) 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.

During the year ended 31st March, 2016, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 2.20/- (31st March, 2015: ₹ 2.20/-) per equity share of face value ₹ 2 each.

b) Shareholders holding more than 5% of Equity Share Capital

Name of the Shareholders	As at 31st March			
	2016		2015	
	Number of shares	Percentage of holding	Number of shares	Percentage of holding
Gujarat State Investments Limited	150,799,905	37.84	150,799,905	37.84
Life Insurance Corporation of India	31,778,658	7.98	31,123,023	7.81
Fidelity Puritan Trust-Fidelity Low priced stock fund	31,500,000	7.91	31,500,000	7.91

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3. Reserves and Surplus

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Capital reserve		
Per last balance sheet	1,256.33	1,256.33
Add: Additions during the year	-	-
Less: Deductions during the year	-	-
	1,256.33	1,256.33
Capital redemption reserve		
Per last balance sheet	3,335.00	3,335.00
Add: Additions during the year	-	-
Less: Deductions during the year	-	-
	3,335.00	3,335.00
Securities premium account		
Per last balance sheet	30,524.02	30,524.02
Add: Additions during the year	-	-
Less: Deductions during the year	-	-
	30,524.02	30,524.02
General reserve		
Per last balance sheet	371,153.31	347,286.60
Add: Transfer during the year from the statement of Profit & Loss	27,000.00	26,000.00
Less: Depreciation adjusted consequent upon implementation of Sch-II of the Companies Act, 2013	-	2,133.29
Less: Deductions during the year	-	-
	398,153.31	371,153.31
Surplus in the Statement of Profit and Loss		
Opening balance	32,182.65	28,683.25
Add : Profit for the year	37,934.92	40,050.56
	70,117.57	68,733.81
Less : Appropriations		
Transferred to general reserve	27,000.00	26,000.00
Proposed equity dividend (₹ 2.20 per share)	8,766.51	8,766.51
Provision for dividend tax on equity dividend	1,784.65	1,784.65
Closing balance	32,566.41	32,182.65
TOTAL	465,835.07	438,451.31

4. Long Term Borrowings

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Secured		
Term loan from bank*	10,613.26	19,194.51
TOTAL	10,613.26	19,194.51

Note: *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 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 loan repayment schedule is as under.

Loan Repayment Schedule	Financial Year	USD Mn
	2016-17	14.67
	2017-18	8.00
	2018-19	8.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

5. Deferred tax liability (net)

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
A] Deferred tax liability		
1. Depreciation	39,917.11	40,086.42
	39,917.11	40,086.42
B] Deferred tax asset		
1. Expenses allowable for tax purpose when paid	9,604.29	7,904.08
2. Provision against receivables, advances and accruals	4,726.04	4,567.71
	14,330.33	12,471.79
C] Net deferred tax liability/(asset) at end of the year (A-B)	25,586.78	27,614.63
D] Net deferred tax liability at the beginning of the year	27,614.63	26,166.22
E] Deferred tax expense for the year	(2,027.85)	1,448.41

6. Long term provisions

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Provision for employee benefits (Refer Note 31)		
Provision for Gratuity	2,243.46	1,933.46
Provision for Pension	4,446.41	1,937.60
Provision for Compensated absences	12,139.34	11,039.33
Provision for Post Retirement Medical Benefit Scheme (PRMBS)	3,453.40	2,561.58
TOTAL	22,282.61	17,471.97

7. Short term borrowings

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Secured		
Loans repayable on demand		
From Banks		
Cash credit account *	22,167.34	17,430.13
Unsecured		
Deposits		
Intercompany deposit**	40,000.00	-
Other loans and advances		
Buyers credit and bill discounting facility	46,254.85	33,638.27
TOTAL	108,422.19	51,068.40

* 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 has availed Inter-Corporate Loan of Rs. 400 crores from Gujarat State Financial Services Limited @ 9% p.a. for 90 days period.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

8. Trade payables

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Due to Micro, Small and Medium Enterprises (MSMED)*	390.30	558.06
Others	55,722.72	34,177.34
TOTAL	56,113.02	34,735.40
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	390.30	558.06
(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.

9. Other current liabilities

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Current maturities of long term debt	9,728.83	4,172.72
Interest accrued but not due on borrowings	431.40	174.54
Income received in advance	3.46	6.98
Unpaid dividend*	427.14	361.19
Unpaid matured deposits*	1.92	5.36
Deposits received	4,361.81	3,562.07
Statutory dues	2,997.81	2,456.69
Dues to shareholders for fractional bonus shares	19.42	18.38
Subsidies payable	41.75	32.82
Liability towards employee benefits	6,501.54	5,908.23
Creditors for capital goods	3,801.79	1,627.39
Advances from customers	1,561.51	1,812.97
Other payables	448.42	287.97
TOTAL	30,326.80	20,427.31

* These figures do not include any amounts due and outstanding to be credited to Investor Education and Protection Fund.

10. Short term provisions

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Provision for employee benefits (Refer note 31)		
Provision for Gratuity	1,948.95	1,366.88
Provision for Compensated absences	2,641.30	1,895.38
Provision for Pension	3,728.20	2,634.41
Provision for PRMBS	182.74	116.46
Provision-Others		
Provision for taxation	14,069.86	11,748.86
Proposed equity dividend	8,766.51	8,766.51
Dividend tax on proposed equity dividend	1,784.65	1,784.65
TOTAL	33,122.21	28,313.15

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

11. Fixed Assets

(₹ in lakhs)

Fixed Assets	Gross Block			Depreciation					Net Block		
	As at 01-Apr-15	Asset Acquisitions	Asset Disposals	As at 31-Mar-16	As at 01-Apr-15	Adjusted/ Written Back	Adj. to retained Earning	For the period	As at 31-Mar-16	As at 31-Mar-16	As at 31-Mar-15
a) Tangible Assets											
Freehold land	551.47	0.00	0.00	551.47	0.00	0.00	0.00	0.00	0.00	551.47	551.47
	551.47	0.00	0.00	551.47	0.00	0.00	0.00	0.00	0.00	551.47	551.47
Leasehold land	32466.50	675.91	0.00	33142.41	818.99	0.00	0.00	373.72	1192.71	31949.70	31647.51
	32466.50	0.00	0.00	32466.50	451.60	0.00	0.00	367.39	818.99	31647.51	32014.90
Buildings	11853.37	1995.22	40.03	13808.56	5837.13	26.14	0.00	440.42	6251.41	7557.15	6016.24
	11112.75	740.62	0.00	11853.37	3915.66	0.00	1458.59	462.88	5837.13	6016.24	7197.09
Bridge, culverts, bunders, etc.	0.30	0.00	0.00	0.30	0.12	0.00	0.00	0.02	0.14	0.16	0.18
	0.30	0.00	0.00	0.30	0.10	0.00	0.00	0.02	0.12	0.18	0.20
Roads	1403.71	43.01	0.00	1446.72	1308.24	0.00	0.00	14.17	1322.41	124.31	95.47
	1403.71	0.00	0.00	1403.71	1245.32	0.00	52.87	10.05	1308.24	95.47	158.39
Plant and machinery	415574.00	6168.49	92.53	421649.96	261882.16	102.95	0.00	8329.09	270108.30	151541.66	153691.84
	411048.92	4639.34	114.26	415574.00	253557.30	108.54	282.41	8150.99	261882.16	153691.84	157491.62
Furniture and fittings	1856.22	88.95	0.28	1944.89	1337.95	0.26	0.00	77.47	1415.16	529.73	518.27
	1683.29	176.54	3.61	1856.22	1246.64	3.10	12.88	81.53	1337.95	518.27	436.65
Motor Vehicles	451.53	1.40	0.04	452.89	252.54	0.03	0.00	45.98	298.49	154.40	198.99
	441.82	15.37	5.66	451.53	201.59	4.92	3.53	52.34	252.54	198.99	240.23
Railway sidings	1597.70	0.00	0.00	1597.70	1309.61	0.00	0.00	81.28	1390.89	206.81	288.09
	1597.70	0.00	0.00	1597.70	1182.91	0.00	45.42	81.28	1309.61	288.09	414.79
Office equipment	1834.22	71.65	26.29	1879.58	1337.91	19.23	0.00	140.97	1459.65	419.93	496.31
	1579.93	273.48	19.19	1834.22	951.66	15.72	259.33	142.64	1337.91	496.31	628.27
Computers and Data Processing units	2016.35	162.68	277.77	1901.26	1751.35	268.93	0.00	109.12	1591.54	309.72	265.00
	1914.25	111.60	9.50	2016.35	1408.53	3.53	3.29	343.06	1751.35	265.00	505.72
Laboratory equipment	878.03	24.14	21.33	880.84	413.77	14.14	0.00	57.33	456.96	423.88	464.26
	801.60	76.43	0.00	878.03	354.67	0.00	1.39	57.71	413.77	464.26	446.93
Electrical Installation and Equipment	2666.14	584.36	0.00	3250.50	2067.32	0.00	0.00	108.51	2175.83	1074.67	598.82
	2647.21	18.93	0.00	2666.14	1977.20	0.00	11.83	78.29	2067.32	598.82	670.01
Library books	86.31	0.00	0.00	86.31	69.35	0.00	0.00	2.31	71.66	14.65	16.96
	86.31	0.00	0.00	86.31	64.63	0.00	1.75	2.97	69.35	16.96	21.68
Total	473235.85	9815.81	458.27	482593.39	278386.44	431.68	0.00	9780.39	287735.15	194858.24	194849.41
	467335.76	6052.31	152.22	473235.85	266557.81	135.81	2133.29	9831.15	278386.44	194849.41	200777.95
b) Intangible assets											
Others											
Computer software	1661.67	282.64	0.00	1944.31	718.50	0.00	0.00	288.53	1007.03	937.28	943.17
	1336.32	325.35	0.00	1661.67	483.84	0.00	0.00	234.66	718.50	943.17	852.48
Total	1661.67	282.64	0.00	1944.31	718.50	0.00	0.00	288.53	1007.03	937.28	943.17
Previous year	1336.32	325.35	0.00	1661.67	483.84	0.00	0.00	234.66	718.50	943.17	852.48

Current year figures are in bold

Notes :

- The Company has commissioned 2616 MTPA FDY project of Rs 50.88 crores at Fibre unit on 26th September, 2015.
- Asset acquisition includes R&D assets of Rs 16.80 lakhs (previous year Rs 27.91 lakhs).
- 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.
- 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.
- Buildings include Rs.0.02 lakh being the value of shares in Co-operative Housing Societies.
- 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.
- Consequent upon enactment of Schedule-II of the New Company's Act, 2013, the Fixed Assets have been reclassified. In the respect of the fixed assets having completed their useful life, an amount of Rs.Nil (previous year Rs 2133.29 Lakhs) has been adjusted against the opening balance of retained earnings.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

12. Non-current Investments

(₹ in lakhs)

Particulars	As at 31st March			
	2016		2015	
	Numbers	Amount	Numbers	Amount
I. Trade Investments:				
Investment in equity instruments-fully paid (Unquoted)				
a) Subsidiary				
GSFC Agrotech Ltd. - ₹ 10 each (Subscribed during the year 20,00,000 shares dtd.28th January,2016))	2,999,994	300.00	999,994	100.00
b) Associates				
Vadodara Enviro Channel Ltd. - ₹ 10 each (Erstwhile Effluent Channel Project Ltd.)	14,302	-	14,302	-
Gujarat Green Revolution Company Ltd. - ₹ 10 each	1,250,000	125.00	1,250,000	125.00
c) Others				
Indian Potash Limited - ₹ 10 each	1,125,000	60.50	1,125,000	60.50
Gujarat Chemical Port Terminal Co. Ltd. - ₹ 1 each	122,631,575	1,226.32	122,631,575	1,226.32
Bhavnagar Energy Company Ltd. - ₹ 10 each (Subscribed during the previous year 3,03,10,000 shares) Refer Note - d	51,060,000	5,106.00	51,060,000	5,106.00
Gujarat State Petroleum Corporation Limited – ₹ 1 each Refer Note - c	23,500,000	15,010.00	23,500,000	15,010.00
GSPC Gas Company Limited – ₹ 10 each Refer Note - c	-	-	5,100,000	2,510.00
GSPC Distribution Networks Limited– ₹ 10 each Refer Note - c	-	-	150,000,000	15,000.00
Tunisian Indian Fertilizers (TIFERT s.a.) - Tunisian Dinar (TND) 10 each Refer Note - b	4,179,848	14,841.88	3,375,000	12,024.77
		36,244.70		50,937.59
Investment in equity instruments-fully paid (Quoted)				
Gujarat Narmada Valley Fertilizers Co. Ltd. - ₹ 10 each	30,779,167	5,838.81	30,779,167	5,838.81
Gujarat Industries Power Company Ltd. - ₹ 10 each	22,362,784	3,649.59	22,362,784	3,649.59
Gujarat Alkalies & Chemicals Ltd. - ₹ 10 each	1,655,040	827.52	1,655,040	827.52
Gujarat Gas Ltd. Refer Note - c	9,382,895	17,510.00	-	-
Karnalyte Resources Inc - Canadian Dollar (CAD) 8.15 each	5,490,306	23,768.70	5,490,306	23,768.70
		51,594.62		34,084.62
Total Trade Investments		88,264.32		85,247.21

(Contd.)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

12. Non-current Investments (Contd.)

(₹ in lakhs)

Particulars	As at 31st March			
	2016		2015	
	Numbers	Amount	Numbers	Amount
II. Other Investments:				
Investment in equity instruments fully paid				
i) Quoted				
Gujarat State Financial Corporation - ₹ 10 each	935,600	187.12	935,600	187.12
Less : Provision for Diminution		187.12		187.12
		-		-
GRUH Finance Limited - ₹ 2 each	1,000,000	29.50	1,000,000	29.50
(Received Bonus shares 5,00,000 in previous year)				
Industrial Development Bank of India - ₹ 10 each	549,440	446.42	549,440	446.42
Mangalore Chemicals & Fertilizers Ltd. - ₹ 10 each	579,000	38.45	579,000	38.45
		514.37		514.37
ii) Unquoted				
Gujarat Data Electronics Limited - ₹ 10 each	115,000	11.50	115,000	11.50
Less : Provision for Diminution		11.50		11.50
		-		-
Gujarat Venture Finance Limited – ₹ 10 each	60,000	6.00	60,000	6.00
Biotech Consortium India Limited – ₹ 10 each	50,000	5.00	50,000	5.00
		11.00		11.00
Total Other Investments		525.37		525.37
TOTAL INVESTMENTS		88,789.69		85,772.58
Aggregate amount of Quoted Investments		52,108.99		34,598.99
Market Value of Quoted Investments		107,583.39		48,268.71
Aggregate amount of Unquoted Investments		36,680.70		51,173.59
Aggregate provision for diminution in value of Investments		198.62		198.62

Notes:

- As one of the promoters of the Gujarat Chemical Port Terminal Company Limited (GCPTCL), the Company has given undertaking to ICICI Bank for not to transfer, assign, dispose off, pledge, charge or create any lien or in any way encumber Company's existing or future shareholding in the GCPTCL in favour of any person so long as money remains due by GCPTCL to ICICI Bank or till the project is duly completed, whichever is later.
- 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. The principal amount Rs 2,555.94 lakhs of the convertible term loan and accrued interest Rs 261.16 lakhs thereon converted into fully paid 8,04,848 No of equity shares of TND 10 each at par.
- On 2nd June, 2015, the Company has received 93,82,895 nos of shares of Gujarat Gas Ltd in pursuant to scheme of amalgamation and arrangement between the GSPC Gas Company Limited and GSPC Distribution Networks Limited. Out of the said shares, 39,47,369 nos of shares of Gujarat Gas Ltd are lock-in for a period of 3 years from listing date.
- 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%.
- The equity shares of Kamalyte Resources Inc., Canada, held by the Company are pledged to secure the Company's long term borrowings from bank.
- For basis of valuation refer Note 1 – Significant accounting policies

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

13. Long term loans and advances

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Secured, considered good		
Loans and advances to employees (housing and vehicles)	6,663.85	5,791.62
Unsecured, considered good		
Capital advances	5,073.98	5,589.95
Deposit with govt.agencies	49.84	49.72
Other deposits	3,871.83	3,740.44
Convertible term loan*	-	2,555.94
Other advances including loans and advances to employees	444.27	561.01
Advance tax (net of provision)	5,932.81	5,640.17
Unsecured, considered doubtful		
Deposits with companies & others	102.70	102.70
Less: provision for doubtful deposits	102.70	102.70
TOTAL	22,036.58	23,928.85

* the loan of USD 4.65 million is provided to TIFERT with a condition of compulsory conversion in equity shares after three years period. The loan carries interest rate of 12 month LIBOR+225 bps. The principal amount of the convertible term loan as mentioned above and interest accrued amounting to Rs. 261.16 Lacs thereon has been converted into equity during the current FY 2015-16. Please refer note no. 12(b).

14. Other non current assets

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Accruals		
Interest accrued but not due- Housing and vehicle loans	3,795.73	3,557.09
Interest accrued but not due- marriage loans, etc	70.20	267.51
Others	15.58	15.58
TOTAL	3,881.51	3,840.18

15. Inventories(at lower of cost and net realisable value)

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Raw materials	9,199.62	18,226.83
Raw materials in Transit	5,148.43	240.70
Work-in-Process	1,873.70	1,877.98
Finished goods	22,193.93	20,445.25
Stock in trade	3,860.92	1,047.80
Stock in trade-in Transit	251.55	1,249.76
Stores and spares (including packing material)	20,128.27	19,944.49
Stores and spares in transit	-	129.41
Loose tools	27.67	29.31
TOTAL	62,684.09	63,191.53

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

16. Trade receivable

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Outstanding for a period exceeding six months from the date they were due for payment (Refer note no.36)		
Secured, considered good	158.22	124.17
Unsecured, considered good	132,844.06	99,990.20
Unsecured, considered doubtful	5,852.24	5,394.75
	138,854.52	105,509.12
Less: Provision for doubtful trade receivables	5,852.24	5,394.75
	133,002.28	100,114.37
Others		
Secured, considered good	790.45	464.76
Unsecured, considered good	197,025.62	92,449.13
	197,816.07	92,913.89
TOTAL	330,818.35	193,028.26

17. Cash and cash equivalents

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Cash and cash equivalents (as per AS-3 cash flow statement)		
Cash on hand	17.03	16.31
Balances with banks		
In current accounts	3,069.38	3,253.56
Other bank balances:		
In Unpaid dividend account	427.14	361.19
In Fractional bonus account	10.58	9.52
In Deposit accounts (maturity more than three months)	508.49	31,858.32
TOTAL	4,032.62	35,498.90

Cash and cash equivalents as above meet the definition of cash and cash equivalents as per AS 3 "Cash Flow Statements".

18. Short term loans and advances

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Unsecured, considered good		
Advances to employees	86.42	95.98
Advances to suppliers	3,494.39	6,504.74
Balances with govt. agencies:		
(i) Cenvat	832.13	607.25
(ii) Vat	360.71	440.30
(iii) Service tax credit receivable	282.09	231.44
Prepaid expenses	333.45	516.27
Others	14.24	19.26
TOTAL	5,403.43	8,415.24

19. Other Current Assets

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Current maturity of employee loans	1,360.64	1,160.61
Interest accrued	23.07	1,631.52
Interest on employee loans	186.96	156.11
Assets retired from use and held for disposal	308.45	308.45
Others	4,606.06	6,532.76
TOTAL	6,485.18	9,789.45

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

20. Revenue from operations

(₹ in lakhs)

Particulars	Year ended 31st March	
	2016	2015
Revenue from sale of products (Refer note no.-36&37)		
- Manufactured / Generated products	564,224.75	517,970.43
- Traded products	73,651.57	39,648.68
Total	637,876.32	557,619.11
Less : Excise duty	21,543.67	25,162.51
	616,332.65	532,456.60
Details of sale of products		
Manufactured Products		
Urea	88,185.53	51,199.91
Ammonium Sulphate	57,249.10	52,014.05
Di ammonium Phosphate	134,752.44	106,144.98
Ammonium Phosphate Sulphate	85,999.72	85,434.38
NPK (12:32:16 and 10:26:26)	15,344.95	4,714.90
Caprolactam	67,997.08	91,373.60
Nylon 6	22,656.04	26,338.97
Melamine	14,313.57	12,802.41
Polymer Products	5,930.66	8,335.52
Nylon Filament Yarn	6,912.09	6,831.26
Other manufactured products	43,339.90	47,617.94
Total Manufactured Products	542,681.08	492,807.92
Trading Products		
DAP	44,160.36	18,863.23
Anone	1,645.82	3,816.09
Methanol	13,282.30	10,357.91
Melamine	8,566.73	2,296.73
Others	5,996.36	4,314.72
Total Trading Products	73,651.57	39,648.68
Total (Manufactured+Traded)	616,332.65	532,456.60

21. Other income

(₹ in lakhs)

Particulars	Year ended 31st March	
	2016	2015
Interest on: (gross)		
Deposits:	1,586.26	2,706.18
Advances:	484.24	438.88
Others:	768.92	1,177.36
Dividend from long term investments		
Trade:	1,284.22	1,835.02
Others:	29.69	24.36
Others		
Rent	102.38	90.47
Insurance claims	19.26	56.92
Profit on sale of fixed assets	0.13	0.05
Excess provision no longer required	910.86	2,495.93
Miscellaneous	1,297.03	1,368.44
TOTAL	6,482.99	10,193.61

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

22. Cost of material consumed

(₹ in lakhs)

Particulars	Year ended 31st March	
	2016	2015
Raw Materials		
Opening stock	18,467.53	21,804.22
Add: Purchases	309,052.03	289,647.30
Less: Closing stock	14,348.05	18,467.53
TOTAL	313,171.51	292,983.99
Materials consumed comprise:		
Rock Phosphate	19,477.15	19,657.20
Sulphur	20,969.64	22,216.71
Gas	78,395.25	64,164.26
Benzene	44,962.15	66,073.19
Ammonia	29,075.64	30,921.95
Phosphoric Acid	103,170.56	76,145.10
MEK	2,412.02	2,832.32
Acetone	100.96	2,071.36
Others	14,608.14	8,901.90
TOTAL	313,171.51	292,983.99

23. Purchase of stock in trade

(₹ in lakhs)

Particulars	Year ended 31st March	
	2016	2015
DAP	42,850.73	15,702.56
Anone	1,762.58	-
Methanol	14,228.37	11,575.99
Melamine	9,367.44	3,014.74
Others	5,906.98	3,168.50
TOTAL	74,116.10	33,461.79

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

24. Changes in inventory of finished goods, work in process and stock in trade

(₹ in lakhs)

Particulars	Year ended 31st March	
	2016	2015
Opening stock		
Finished products	20,445.25	18,692.41
Stock in trade	2,297.56	5,095.31
Work-in-process	1,877.98	2,915.47
	24,620.79	26,703.19
Less: Closing stock		
Finished products*	22,193.93	20,445.25
Stock in trade	4,112.47	2,297.56
Work-in-process	1,873.70	1,877.98
	28,180.10	24,620.79
(Increase) / Decrease	(3,559.31)	2,082.40
*Details of Inventory of finished goods		
Fertilizers	11,813.00	11,127.92
Caprolactam	4,170.75	2,733.33
Ammonia	1,635.14	2,093.41
Nylon 6	753.64	1,170.94
Nylon Filament Yarn	1,841.81	1,426.91
Methanol	369.93	535.60
Melamine	581.80	44.28
Others	1,027.86	1,312.86
TOTAL	22,193.93	20,445.25

25. Employee benefit expenses

(₹ in lakhs)

Particulars	Year ended 31st March	
	2016	2015
Salaries, wages, bonus	35,005.81	28,981.31
Contribution to provident, gratuity and superannuation (pension) funds (including provisions)	11,173.96	3,783.76
Staff Welfare expenses	7,368.50	5,967.70
TOTAL	53,548.27	38,732.77

Employee benefit expenses includes R&D salary expenses of Rs 1171.15 lakhs (previous year Rs 799.63 lakhs)

26. Finance costs

(₹ in lakhs)

Particulars	Year ended 31st March	
	2016	2015
Interest		
- borrowings	2,388.41	1,387.48
- others	133.95	122.42
Other borrowing cost	498.85	290.87
TOTAL	3,021.21	1,800.77

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

27. Other expenses

(₹ in lakhs)

Particulars	Year ended 31st March	
	2016	2015
Consumption of stores and spare parts	7,777.13	7,601.15
Water	2,224.55	2,060.30
Packing expenses	8,800.32	8,161.53
Repairs to buildings	424.35	336.40
Repairs to machinery	5,688.96	5,618.46
Other repairs	848.25	752.78
Insurance	829.50	950.41
Rent, rates and taxes (excluding income taxes)	1,390.24	1,904.66
Excise duty (net)	269.07	(699.92)
Product transportation, distribution & loading & unloading charges	23,410.11	18,112.55
Depots and farm information centers expenses	1,732.11	1,487.23
Marketing expense reimbursement, demonstration, extension services and publicity etc.	1,084.79	417.54
Cash rebate on sales	2,042.96	1,342.49
Variation in exchange rates	4,412.16	2,505.66
Premium on forward contract	297.24	735.28
Directors Sitting Fees	9.05	6.80
Auditors' remuneration *	94.24	63.85
Cost auditors' fees	5.37	4.79
Research and development expenses	61.68	42.89
Loss on fixed assets sold/discarded	26.38	15.91
Provision for doubtful debts/advances	533.67	550.68
Donations and contributions	846.35	1,177.95
Miscellaneous	4,239.70	4,142.15
TOTAL	67,048.18	57,291.54
Other expenses includes R&D expenses of Rs 85.05 lakhs (previous year Rs 62.63 lakhs)		
*Auditors' remuneration		
Payment to Statutory Auditors as:		
Auditors	21.60	16.31
(including Statutory audit fees)		
For Taxation matters	59.18	37.17
For other services (including Limited Review fees & certification)	12.02	10.10
For Reimbursement of expenses	1.44	0.27
	94.24	63.85
Payment to Cost Auditors		
Cost auditors' fees	5.37	4.79

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

28. Earnings per share (EPS):

(₹ in lakhs)

Particulars	Year ended 31st March	
	2016	2015
Profit for the year	37,934.92	40,050.56
Weighted average number of equity shares for basic EPS [nos.]	398,477,530	398,477,530
Weighted average number of equity shares including potential equity shares for diluted EPS [nos.]	398,477,530	398,477,530
Basic EPS (₹)	9.52	10.05
Diluted EPS (₹)	9.52	10.05
Nominal value per share (₹)	2.00	2.00

29. Contingent Liabilities

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Claims against the Company not acknowledgement as debt		
(i) Excise Duty	4,418	4,423
(ii) Central Sales Tax and Value Added Tax	4,317	4,311
(iii) Income Tax	3,099	2,904
(iv) Other Claims by :		
- Statutory Corporations	22,568	1,122
- Department of Fertilizers, total amount not quantifiable, demands stayed, matter pending with High Courts	Refer note no.36&37	Refer note no.36&37
- Employees/ex-employees, contractual labour - pending before courts	Not ascertainable	Not ascertainable
It is not practicable for the Company to estimate the timings of cash flow, if any, in respect of the above.		
Guarantees		
The Company has provided sponsor's Guarantee towards the borrowing of Tunisian Indian Fertilizers S.A., Tunisia (TIFERT) upto 15% of the amount due and outstanding	25,789	32,391

30. Commitments

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Estimated amount of contracts remaining to be executed on capital accounts and not provided for.	38,029	59,661

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

31. Employees Benefits

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. Leave Encashment Benefit
ii. Post Retirement Medical Benefit Scheme (PRMBS) |
|---|---|

b) Defined contribution plans:

Amount towards Defined Contribution Plans have been recognised under "Contributions to Provident, Gratuity and Superannuation Fund (pension) Funds (including provisions)" in Note:25 Rs 2521.06 lakhs (2014-15 Rs 1873.98 lakhs)

c) Details of funded & unfunded plans are as follows :

(₹ in lakhs)

Description	2015-16	2014-15	2015-16	2014-15
	Pension		Gratuity	
1. Changes In Present Value of obligation				
a. Obligation as at the beginning of the year	35708.00	35506.00	21072.46	20835.98
b. Current Service Cost	675.78	436.71	916.34	925.49
c. Interest Cost	2856.64	2840.48	1673.11	1675.18
d. Actuarial (Gain)/Loss	15143.18	534.77	4665.37	(460.73)
e. Benefits Paid	(4021.60)	(3609.96)	(2066.83)	(1903.47)
f. Obligation as at the end of the year	50362.00	35708.00	26260.45	21072.45
The defined benefit obligation as at 31.03.2016 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	31135.99	30065.39	17772.12	17053.92
b. Expected return on Plan Assets	2615.37	2530.75	1585.66	1435.24
c. Actuarial Gain/(Loss)	-	-	-	-
d. Contributions	2133.97	2149.81	1152.75	1186.42
e. Benefits Paid	(4021.60)	(3609.96)	(2066.83)	(1903.47)
f. Fair Value of Plan Assets as at the end of the year	31863.73	31135.99	18443.70	17772.11
3. Amount Recognised In The Balance Sheet				
a. Fair Value of Plan Assets as at the end of the year	31863.73	31135.99	18443.70	17772.11
b. Present Value of Obligation as at the end of the year	(50362.00)	(35708.00)	(26260.45)	(21072.45)
c. Unrecognised past service cost	10323.66	-	3624.34	-
d. Amount recognised in the Balance Sheet	(8174.61)	(4572.01)	(4192.41)	(3300.34)
4. Expense recognised during the year				
a. Current Service Cost	675.78	436.71	916.34	925.49
b. Interest Cost	2856.64	2840.48	1673.11	1675.18
c. Expected return on Plan Assets	(2615.37)	(2530.75)	(1585.66)	(1435.24)
d. Actuarial (Gain)/Loss	4819.52	534.77	1041.03	(460.73)
e. Expense recognised during the year	5736.57	1281.21	2044.82	704.70
5. Investment Details of Plan Assets				
Administered by LIC of India	100%	100%	100%	100%
6. Assumptions	31.3.2016	31.3.2015	31.3.2016	31.3.2015
a. Discount Rate (per annum)	8%	8%	8%	8%
b. Estimated Rate of return on Plan Assets (per annum)	9.00%	9.15%	9.25%	9 to 9.01%

(Contd.)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

31. Employees Benefits (Contd.)

(c) Details of funded & unfunded plans :

(₹ in lakhs)

Description	2015-16	2014-15	2015-16	2014-15
	Leave Encashment		PRMBS	
1. Changes In Present Value of the defined benefit obligation				
a. Obligation as at the beginning of the year	12934.71	11991.96	2678.04	2356.54
b. Current Service Cost	2793.12	2400.58	1328.12	693.89
c. Actuarial (Gain)/Loss	3272.71	335.69	0.00	0.00
d. Benefits Paid	(1894.58)	(1793.52)	(370.02)	(372.39)
e. Obligation as at the end of the year	17105.96	12934.71	3636.14	2678.04
The defined benefit obligation as at 31.03.2016 is	Unfunded	Unfunded	Unfunded	Unfunded
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	(17105.96)	(12934.71)	(3636.14)	(2678.04)
c. Unrecognised past service cost	2325.32	—	—	—
d. Amount recognised in the Balance Sheet	(14780.64)	(12934.71)	(3636.14)	(2678.04)
3. Expense recognised during the year				
a. Current Service Cost	2793.12	2400.58	1328.12	693.89
b. Actuarial (Gain)/Loss	947.39	335.69	0.00	0.00
c. Expense recognised during the year	3740.51	2736.27	1328.12	693.89
The expense is disclosed in Note No. 25 - "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 Expenses				
4. Assumptions :	31.03.2016	31.03.2015	31.03.2016	31.03.2015
a. Discount Rate (per annum)	7.8%to7.99%	7.95%to8.04%	7.85%to8.06%	7.95%
b. Estimated Rate of return on Plan Assets (per annum)	N.A.	N.A.	N.A.	N.A.
c. The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.				
d. 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.				
5. Effect of one percentage point change in the assumed medical inflation rate-Benefit Obligation				
a. One percentage point increase in medical inflation rate				4100.28
b. One percentage point decrease in medical inflation rate				3254.20

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

31. Employees Benefits (Contd.)

d) Amount for current and previous four years is as follow.

(₹ in lakhs)

Pension	2015-16	2014-15	2013-14	2012-13	2011-12
Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)					
1 Present Value of Defined Benefit Obligation	50362.00	35708.00	35506.00	36420.46	34361.24
2 Fair Value of Plan Assets	1863.73	31135.98	30065.39	28729.63	28476.54
3 Status [Surplus/(Deficit)]	(8174.63)	(4572.02)	(5440.61)	(7690.83)	(5884.70)
4 Experience Adjustment of Plan Assets [Gain/(Loss)]	-	-	-	-	-
5 Experience Adjustment of obligation [(Gain)/Loss]	4819.54	534.77	(1573.72)	2121.48	5,175.99
Gratuity	2015-16	2014-15	2013-14	2012-13	2011-12
Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)					
1 Present Value of Defined Benefit Obligation	26260.45	21072.46	20835.98	20608.60	18565.66
2 Fair Value of Plan Assets	18443.70	17772.13	17053.92	16392.27	16264.54
3 Status [Surplus/(Deficit)]	(4192.42)	(3300.33)	(3782.06)	(4216.33)	(2301.12)
4 Experience Adjustment of Plan Assets [Gain/(Loss)]	-	-	-	-	-
5 Experience Adjustment of obligation [(Gain)/Loss]	1041.04	(460.73)	(303.78)	1897.77	1640.20
Leave Encashment	2015-16	2014-15	2013-14	2012-13	2011-12
Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)					
1 Present Value of Defined Benefit Obligation	17105.96	12934.70	11991.95	12781.49	11972.49
2 Fair Value of Plan Assets	-	-	-	-	-
3 Status [Surplus/(Deficit)]	(14780.65)	(12934.70)	(11991.95)	(12781.49)	(11972.49)
4 Experience Adjustment of Plan Assets [Gain/(Loss)]	-	-	-	-	-
5 Experience Adjustment of obligation [(Gain)/Loss]	1073.98	335.69	332.00	-	-
PRMBS	2015-16	2014-15	2013-14	2012-13	2011-12
Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)					
1 Present Value of Defined Benefit Obligation	3636.09	2678.04	2356.54	2144.92	1941.17
2 Fair Value of Plan Assets	-	-	-	-	-
3 Status [Surplus/(Deficit)]	(3636.09)	(2678.04)	(2356.54)	(2144.92)	(1941.17)
4 Experience Adjustment of Plan Assets [Gain/(Loss)]	-	-	-	-	-
5 Experience Adjustment of obligation [(Gain)/Loss]	-	-	-	44.00	(182.00)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

32. Segment Information

(₹ in lakhs)			(₹ in lakhs)		
Particulars	For the year ended on 31.03.2016	For the year ended on 31.03.2015	Particulars	For the year ended on 31.03.2016	For the year ended on 31.03.2015
i) PRIMARY SEGMENT INFORMATION :			6. Total Liabilities		
A] SEGMENT REVENUE :			7. Capital Expenditure		
1. Total Segment Revenue			a) Fertilizer Products	16884.76	2178.71
a) Fertilizer Products	438042.98	328815.64	b) Industrial Products	8233.68	6988.88
b) Industrial Products	178289.67	203640.96	c) Corporate Capital Expenditure	(1122.44)	4547.20
TOTAL	616332.65	532456.60	TOTAL	23996.00	13714.79
2. Inter Segment Revenue	0.00	0.00	8. Depreciation		
3. External Revenue (1-2)			a) Fertilizer Products	5978.31	6249.73
a) Fertilizer Products	438042.98	328815.64	b) Industrial Products	3670.95	3581.21
b) Industrial Products	178289.67	203640.96	c) Unallocated Corporate Depreciation	419.66	234.87
TOTAL	616332.65	532456.60	TOTAL	10068.92	10065.81
B] RESULT :			9. Non-Cash Expenses		
1. Segment Result			a) Fertilizer Products	7682.25	3658.72
a) Fertilizer Products	50478.12	37911.15	b) Industrial Products	5697.51	2654.69
b) Industrial Products	6033.01	18622.92	c) Unallocated non-cash expenses	3.18	0.49
TOTAL	56511.13	56534.07	TOTAL	13382.94	6313.90
2. a) Unallocated Income	5425.26	8533.93	ii) SECONDARY SEGMENT INFORMATION :		
b) Unallocated Expenses	-4202.58	-5876.17	The Company operates mainly in Indian market and there are no reportable geographical segments.		
3. Operating Profit (B1+B2)	57733.81	59191.83	iii) OTHER DISCLOSURES :		
4. Finance Cost	-3021.21	-1800.77	1. The Products and Services covered under each business segment are as under :		
5. Provision for Taxation			Fertilizer Products :		
Current Income Tax	-18805.53	-15892.09	Urea, Ammonium Sulphate, Di-ammonium Phosphate, Ammonium Phosphate Sulphate, NPK (12:32:16)(10:26:26), traded fertilizer products etc.		
Deferred Tax (net)	2027.85	-1448.41	Industrial Products :		
6. Net Profit	37934.92	40050.56	Caprolactam, Nylon-6, Nylon Filament Yarn, Nylon Chips, Melamine, Methanol, Polymer products, traded industrial products etc.		
OTHER INFORMATION :			2. Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on reasonable basis.		
1. Segment Assets					
a) Fertilizer Products	465342.89	327847.96			
b) Industrial Products	143384.61	138595.95			
TOTAL	608727.50	466443.91			
2. Unallocated Corporate Assets	151543.99	178802.32			
3. Total Assets	760271.49	645246.23			
4. Segment Liabilities					
a) Fertilizer Products	73771.00	44845.09			
b) Industrial Products	32420.21	29005.12			
TOTAL	106191.21	73850.21			
5. Unallocated Corporate Liabilities	180275.66	124975.16			

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

33. Related Party Transactions

Related Party Disclosures as required by AS-18 "Related Party Disclosures" are given below :

1. Relationship :

- (a) Subsidiary Company : GSFC Agrotech Ltd.
- (b) Associate Company :
 - (i) Vadodara Enviro Channel Ltd.
(Erstwhile Effluent Channel Project Ltd.)
 - (ii) Gujarat Green Revolution Company Ltd.
 - (iii) Gujarat Data Electronics Ltd.
- (c) Key Managerial Personnel and their relatives:
 - (i) Dr. S K Nanda - Chairman cum Managing Director upto 31/01/2016
 - (ii) Shri. AMTiwari -Managing Director w.e.f. 01/02/2016
 - (iii) Shri V D Nanavaty - Sr VP (Finance) & CFO
 - (iv) Shri V V Vachharajani-
Company Secretary & VP (Legal)
- (d) Others : GSFC Education Society

2. Details of transactions with related parties :

(I) Details relating to parties referred to in 1(a) above:

(₹ in lakhs)

Sr. No.	Nature of Transaction	Value for FY 2015-16	Value for FY 2014-15
1	Purchase of goods	1546.52	1567.58
2	Sale of materials	1.83	2.58
3	Commission income	59.15	67.04
4	Rent receipt	12.27	13.79
5	Reimbursement of expenses	242.41	290.04
6	Equity contribution	200.00	--
7	Outstanding balance	209.11	561.54

(II) Details relating to parties referred to in 1(b) above: (₹ in lakhs)

(i) Vadodara Enviro Channel Ltd.		
1. Usage of effluent channel	304.46	288.91
2. Advances given	--	35.40
3. Outstanding balance	--	25.20
(ii) Gujarat Green Revolution Company		
1. Reimbursement of expenses	173.51	124.42
2. Dividend received	6.25	6.25
3. Outstanding balance	160.85	201.34

(III) Details relating to parties referred to in 1(c) above: (₹ in lakhs)

1 Remuneration to		
(i) Chairman cum Managing Director	23.31	10.87
(ii) Managing Director	3.23	16.94
(iii) Sr VP (Finance) & CFO	41.41	26.13
(iv) Company Secretary & VP (Legal)	37.00	21.44
2 Loan Given to Company Secretary & VP (Legal)	10.00	--

(IV) Details relating to parties referred to in 1(d) above: (₹ in lakhs)

1. Donations given	285.00	948.31
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34. Other Disclosures

(₹ in lakhs)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
C.I.F. Value of Imports		
Raw Materials	134948.98	102106.00
Spare Parts	954.57	1150.40
Stock in trade	63813.79	31227.17
Capital Goods	477.00	582.91
Expenditure in Foreign Currency		
Interest	802.17	650.38
Technical Assistance / Know-how	2694.47	434.95
Others	99.12	153.24
Remittance of dividend in Foreign Currency	-	-
Earnings in Foreign currency		
F.O.B.value of Exports	3134.26	4129.63

Value of Imported and Indigenous Raw Materials and Spare Parts consumed and percentage thereof to total consumption

	For the year ended 31st March 2016		For the year ended 31st March 2015	
	₹ lakhs	%	₹ lakhs	%
Raw Materials				
Imported	147409.58	47.07	116551.70	39.78
Indigenous	165761.93	52.93	176432.30	60.22
	313171.51	100.00	292984.00	100.00
Spare Parts				
Imported	323.68	14.32	352.95	13.91
Indigenous	1936.14	85.68	2184.50	86.09
	2259.82	100.00	2537.45	100.00

Balance of certain creditors and debtors / advances are subject to confirmation / reconciliation and consequential adjustments, if any.

Reserch & Development Expenses

	For the year ended 31st March 2016	For the year ended 31st March 2015
Capital*	16.80	27.91
Recurrirg**	1256.20	862.26
Total	1273.00	890.17
*Capital Expenses included in Fixed Asset Note No. 11	16.80	27.91
**Recurring Expenses included in		
Note No. 25 Employee Benefit expenses	1171.15	799.63
Note No. 27 Other expenses	85.05	62.63

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

35. Details on derivative instruments and unhedged

I. foreign currency exposures

- (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, 2016

Currency	Amount (in Mn)	Buy/Sell	Cross currency
USD	10.00	Buy	Rupees
USD	(0.77)	Buy	Rupees

- Note: Figures in brackets relate to the previous year
(ii) Outstanding option contracts entered into by the Company as on 31st March, 2016 :

Currency	Amount (in Mn)	Buy/Sell	Cross currency
USD	38.02	Buy	Rupees
USD	(47.51)	Buy	Rupees
USD	38.02	Sell	Rupees
USD	(47.51)	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:2, Amount: 30.67 Mn USD Principal (As at 31 March, 2015 :No of contracts 2, Amount :37.33 Mn USD 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	61.37	Buy	Rupees
USD	(47.50)	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 8.62 Mn (As at March 31, 2015: : USD 7.08 Mn)

36. Government Grants and Subsidies

(₹ in lakhs)

	For the year ended 31 st March	
	2016	2015
Revenue from Operations (Note-20) includes :		
Subsidy from Government of India Retention Price Scheme / under New Urea Policy / Nutrient Based Subsidy Scheme:		
Pertaining to current year	1,80,006	1,26,706
Pertaining to earlier years determined during current year	10,173	3,124
	As at 31.03.2016	As at 31.03.2015
Trade Receivable (Note-16) includes :		
Subsidy from Government of India under Retention Price Scheme / Nutrient Based Subsidy Scheme*:		
Outstanding for a period exceeding six months from due date	1,31,769	98,097
Outstanding for a period not exceeding six months from due date	1,06,425	44,403

*The above amount includes outstanding subsidy on Ammonium Sulphate fertilizer Rs 84375 lakhs (previous year Rs 65490 lakhs), pending finality of matter in the court.

37. Subsidy on Ammonium Sulphate:

Department of Fertilizers (DoF) vide Office Memorandum dated 18th March, 2013 had sought to recover subsidy on Ammonium Sulphate fertilizer produced by the Company, under the Nutrient Based Subsidy scheme of Govt. of India w.e.f. April 1, 2010, and also to stop further disbursement of subsidy on said fertilizer.

The management believes that since its Ammonium Sulphate (AS), is specifically covered in the Nutrient Based Subsidy (NBS) Policy right from inception of the scheme w.e.f.1-4-2010, it has been allowed to upload various data on Fertilizers Monitoring System website of DoF.

The Company filed a writ petition in the Honourable Delhi High Court and obtained a stay. The company is trying to resolve matter with Government of India. DoF has also presented its view in the Honourable Delhi high Court about amicable settlement in the matter. The Company has already made representation to DoF for releasing interim subsidy and as per the last order of the court dated 11th May 2016, DoF has confirmed to a decision for disposing of the representation within a period of six weeks and has adjourned the date of next hearing to July 18, 2016.

Following amounts already have been recognised in the books of accounts for respective years/periods and the management strongly believes that amounts mentioned below are recoverable or not required to be paid back to government in case already received.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Such subsidy received from the Department of Fertilizers amounting to Rs. 26,866 lakhs for the period from April 1, 2010 to November 30, 2011 has been accounted for as Net sales/ Income from operations in the respective accounting periods.

Net sales/ Income from operations and trade receivables in the financial statements include amounts of such subsidy as under:

Revenue from operation (Note-20) includes:-	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Subsidy from Government of India under Nutrient Based Subsidy Scheme	18836	17853

Trade Receivables (Note-16) includes:-	As at 31.03.2016	As at 31.03.2015
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	73192	54875
Outstanding for a period not exceeding six months from due date	11183	10615

Based on the given scenario, management of the Company believes that there is no ground for removing AS from NBS and has been done in arbitrary and discriminatory manner and amount accounted as above is recoverable from the DoF.

38. Previous Year's Figures

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosures.

Signatures to Notes 1 to 38 forming the part of the Financial Statements 2015-16.

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No. 117364W
Gaurav J. Shah
Partner
Membership No. 35701

Gandhinagar
24th May, 2016

A M Tiwari
Managing Director

V. D. Nanavaty
Sr. VP (Finance) & CFO

Gandhinagar
24th May, 2016

G R Aloria
Chairman

V. V. Vachhrajani
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its associates, comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. 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 financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 37 to the consolidated financial statements regarding the basis on which the Company has continued to recognise revenue of Rs. 18,836 lakhs for the current year (Previous year Rs. 17,853 lakhs) and trade receivables of Rs. 84,375 lakhs as at March 31, 2016 (as at March 31, 2015 Rs. 65,490 lakhs) in respect of subsidy on Ammonium Sulphate as stated in the note, till ultimate outcome of the matter, which is pending with the Department of Fertilizers to examine the Company's representations as per the orders of the Honourable Delhi High Court.

Our opinion is not modified in respect of this matter.

Other Matters

- a) We did not audit the financial statements of one subsidiary, whose financial statements total assets of Rs. 840.70 lakhs as at 31st March, 2016, total revenues of Rs. 9.25 lakhs and net cash outflows amounting to Rs. 197.09 lakhs for the year ended on

INDEPENDENT AUDITORS' REPORT (Contd.)

that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the reports of the other auditors.

- b) The consolidated financial statements also include the Group's share of net profit/loss of Rs. 758.29 lakhs for the year ended 31st March, 2016, as considered in the consolidated financial statements, in respect of two associates, 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 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.
- c) In respect of investment in one associate valued at Rs. Nil in the standalone financial statements of the Company, no adjustments have been made in the consolidated financial statements as at March 31, 2016 as the financial statements of this associate was not available.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other 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, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding company and subsidiary company, incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's and subsidiary company's incorporated in India 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group- Refer note no 29 to the consolidated financial statements.
 - ii. The Group did not have any material foreseeable losses 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 Holding Company. There is no amount, which is required to be transferred, to the Investor Education and Protection Fund by the subsidiary company incorporated in India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117364W)

(**Gaurav J Shah**)
(Partner)
(Membership No. 35701)

Place : Gandhinagar
Date : May 24, 2016

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ 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”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Gujarat State Fertilizers & Chemicals Limited (hereinafter referred to as “the Holding 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 Holding company, its subsidiary company and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting 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 the 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.

Auditor’s 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 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company, which is company incorporated in India, in terms of its report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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.

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT (Contd.)

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, the Holding Company and its subsidiary company, which is company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company, which is company incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117364W)

(**Gaurav J Shah**)
(Partner)
(Membership No. 35701)

Place : Gandhinagar
Date : May 24, 2016

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016

(₹ in lakhs)

	Note	As at 31st March	
		2016	2015
A. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share capital	2	7,969.55	7,969.55
(b) Reserves and surplus	3	470,760.70	442,568.71
		478,730.25	450,538.26
2. Non-current liabilities			
(a) Long term borrowings	4	10,613.26	19,194.51
(b) Deferred tax liabilities (Net)	5	25,598.85	27,615.01
(c) Long term provisions	6	22,282.61	17,471.97
		58,494.72	64,281.49
3. Current liabilities			
(a) Short term borrowings	7	108,422.19	51,068.40
(b) Trade payables	8	56,378.99	35,291.08
(c) Other current liabilities	9	30,444.61	20,520.66
(d) Short term provisions	10	33,122.21	28,313.15
		228,368.00	135,193.29
TOTAL		765,592.97	650,013.04
B. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	195,139.36	194,860.34
(ii) Intangible assets	11	946.13	953.20
(iii) Capital work-in-progress		40,478.35	26,124.11
(b) Non-current investments	12	93,366.91	89,791.51
(c) Long term loans and advances	13	22,090.36	23,960.75
(d) Other non current assets	14	3,881.51	3,840.18
		355,902.62	339,530.09
2. Current assets			
(a) Inventories	15	62,800.51	63,401.80
(b) Trade receivable	16	330,818.35	193,028.26
(c) Cash and cash equivalents	17	4,172.98	35,836.35
(d) Short term loans and advances	18	5,408.82	8,422.36
(e) Other current assets	19	6,489.69	9,794.18
		409,690.35	310,482.95
TOTAL		765,592.97	650,013.04
Significant Accounting policies	1		
See accompanying notes forming part of financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
Firm Registration No. 117364W

Gaurav J. Shah
Partner
Membership No. 35701

Gandhinagar
24th May, 2016

A M Tiwari
Managing Director

V. D. Nanavaty
Sr. VP (Finance) & CFO

Gandhinagar
24th May, 2016

G R Aloria
Chairman

V. V. Vachhrajani
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31ST MARCH, 2016

(₹ in lakhs)

	Note	Year Ended 31st March	
		2016	2015
I Income			
Revenue from operations			
Sales (Gross)	20	637,876.32	557,619.11
Less: Excise duty		21,543.67	25,162.51
Net Sales		616,332.65	532,456.60
Other income	21	6,420.82	10,119.52
Total revenue		622,753.47	542,576.12
II Expenses			
Cost of materials consumed	22	313,398.22	293,225.28
Purchase of stock in trade	23	73,192.46	32,444.04
Changes in inventories of finished goods, work in process and stock in trade	24	(3,481.44)	2,145.84
Power and Fuel		50,707.82	48,854.41
Employee benefit expenses	25	53,747.19	38,986.45
Finance cost	26	3,021.21	1,800.77
Depreciation and amortization expense	11	10,071.57	10,067.62
Other expenses	27	67,284.36	57,578.44
Total Expenses		567,941.39	485,102.85
III Profit before exceptional items and tax (I-II)		54,812.08	57,473.27
IV Exceptional items			
V Profit before tax (III-IV)		54,812.08	57,473.27
VI Tax expense			
Current tax		18,843.38	15,931.58
Deferred tax	5	(2,016.16)	1449.40
VII Profit for the year		37,984.86	40,092.29
VIII Share of profit of Associates		758.29	857.05
IX Profit after tax and share of profit of Associates (VII+VIII)		38,743.15	40,949.34
Basic and Diluted Earnings per equity share:	28	9.72	10.28
Nominal value per share ₹		2.00	2.00
See accompanying notes forming part of the financial statements			

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No. 117364W
Gaurav J. Shah
Partner
Membership No. 35701

Gandhinagar
24th May, 2016

A M Tiwari
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Company Secretary

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

(₹ in lakhs)

	As at 31st March	
	2016	2015
A Cash Flow From Operating Activities :		
Profit Before Tax	54,812.08	57,473.27
Adjustments for :		
Depreciation and amortisation expense	10,071.57	10,067.62
Finance cost	3,021.21	1,800.77
Interest received	(1,847.41)	(2,706.18)
Loss on fixed assets sold/written off	26.38	15.91
Profit on sale of fixed assets	(0.13)	(0.05)
Income from investments	(1,313.91)	(1,859.38)
Provision for doubtful debts/advances	533.67	550.68
Operating Profit before Working Capital Changes	65,303.46	65,342.64
Changes in working capital:		
Inventories	601.29	5,962.64
Trade receivables and loans and advances	(134,026.54)	(3,317.99)
Trade payables, other current liabilities & provision	32,431.64	(26,944.67)
Cash Generated from/ (used in) Operations	(35,690.15)	41,042.62
Direct taxes paid	(16,836.90)	(15,078.27)
Net Cash Flow From/ (used in) Operating Activities	(52,527.05)	25,964.35
B Cash Flow From Investing Activities :		
Purchase of fixed assets	(24,724.32)	(13,911.34)
Sale of fixed assets	0.29	0.56
Purchase of investments	(200.00)	(3,031.00)
Interest received	3,194.71	1,643.86
Dividend received	1,313.91	1,859.38
Net Cash Flow from/ (used in) Investing Activities	(20,415.41)	(13,438.54)
C Cash Flow From Financing Activities		
Issue of equity share capital	200.00	-
Gross repayment of long term borrowings	(3,025.14)	(3,076.68)
Net increase/(decrease) in cash credit/buyers credit	17,353.79	(1,385.13)
Gross proceeds from short term borrowings	60,000.00	10,000.00
Gross repayment of short term borrowings	(20,000.00)	(10,000.00)
Finance cost	(2,764.35)	(1,800.12)
Dividend paid	(8,700.56)	(7,918.53)
Tax on dividend paid	(1,784.65)	(1,354.43)
Net Cash Flow from/ (used in) Financing Activities	41,279.09	(15,534.89)
Net Increase/ (Decrease) in Cash & Cash Equivalents (Refer Note-17)	(31,663.37)	(3,009.08)
Cash and Cash Equivalents as at the beginning of the year	35,836.35	38,845.43
Cash and Cash Equivalents as at end of the year	4,172.98	35,836.35
See accompanying notes forming part of the financial statements		

Note: The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 "Cash Flow Statements".

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No. 117364W
Gaurav J. Shah
Partner
Membership No. 35701

Gandhinagar
24th May, 2016

A M Tiwari
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Gandhinagar
24th May, 2016

G R Aloria
Chairman

V. V. Vachhrajani
Company Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation and presentation of financial statements :

The consolidated financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the mandatory Accounting Standards notified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Companies Act, 2013. Accounting policies have been consistently applied by the Company.

B. Principles Of Consolidation:

The consolidated financial statements are prepared in accordance with the principles and procedures laid down under the Accounting Standard (AS) 21, "Consolidated Financial Statements" 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 subsidiary as disclosed in Note no.34, 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. Minority interests, if any, have been excluded. Minority interests represent that part of the net profit or loss and net assets of the subsidiary that are not, directly or indirectly, owned or controlled by the company.

Investments in associates are accounted for using equity method as per Accounting Standard 23 – Accounting for Investments in Associates in Consolidated Financial Statements" notified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 capital reserves identified on acquisition.

The financial statement of the subsidiary and associates used in the consolidation are drawn up to the same reporting date as that of the Company. However, unaudited financial statements of 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 subsidiary when they are used in preparing the consolidated financial statements that are presented in the same manner as the Company's separate financial statements.

C. Use of estimates and assumptions :

The preparation of consolidated financial statements requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Accounting estimates could change from period to period. Actual results could differ from estimates. Differences between the actual results and the estimates are recognised in the period in which the same are known/ materialised.

D. Capital Expenditure :

- a) Fixed Assets acquired and constructed are stated at historical cost including attributable cost for bringing the asset to its intended use.
- b) Assets under erection / installation of the existing projects and on going projects are shown as "Capital Work in Progress".
- c) Capital advances given for procurement of fixed assets are treated as non current assets irrespective of when fixed assets are expected to be received and are classified as Long term loans and advances.
- d) 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.
- e) Major cost of civil works required as plant and machinery supports, on the basis of technical estimates, is considered as Plant & Machinery.
- f) Advances paid for the purchase / acquisitions of land in possession of the Group are included in the cost of land.
- g) Renewals and replacements are either capitalised or charged to revenue as appropriate, depending upon the nature and long term utility of such renewals and / or replacements.
- h) Intangible assets are stated at cost.

E. Borrowing Cost :

Borrowing cost of the funds borrowed for the qualifying asset is capitalised till the date of commencement of commercial production. Other borrowing cost is charged to revenue.

F. Depreciation and Amortisation :

Depreciation on Fixed Assets is provided on Straight Line Method at the rates prescribed in Schedule II to the Companies Act, 2013. Depreciation on additions to fixed assets 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. Exchange variation adjusted in the carrying cost of the fixed assets is amortised over the residual life of the assets.

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.

Assets retired from use and held for disposal are stated at cost or realizable value whichever is lower. No depreciation has been charged on these assets after their retirement.

G. Impairment of Assets :

The Group makes assessment to find out whether there are any indications for impairment of assets as provided in the Accounting Standard notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. If any such indications are available then further process as per the Accounting Standard is carried out by the Group and necessary adjustments in the books of the accounts are made accordingly.

H. Foreign Currency Transaction :

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

assets and liabilities related to foreign currency transactions remaining unsettled at the year-end are translated into rupee at the contract rates, when covered by forward cover contracts and at the year-end exchange rates in other cases. The exchange difference arising on foreign currency transactions including gain or loss arising due to cancellation of forward cover contracts are recognised in the statement of profit and loss except those relating to fixed assets acquired prior to 01-04-2004 which are adjusted to the carrying cost of the fixed assets. Accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the Income Statement. Net gains on derivative transactions are ignored.

I. Investments :

Current investments are carried at the lower of cost or quoted / fair value. Long term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of long term investments.

J. 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.

K. Revenue Recognition :

- Sales of industrial products are accounted on the dispatch basis except export sales, which are recognised on the basis of bill of lading. Sales of fertilizers are accounted for on the basis of issue of release orders. Subsidy and equated freight on fertilizers are accounted on accrual basis as and when the order notified by for the same is available with the Company from the Government of India.
- 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.

L. Employee Benefits :

Defined benefit plans:

- Short-term employee benefits
Short term employee benefits are recognized as an expense at the undiscounted amount in the Consolidated Statement of Profit and Loss of the year in which the related service is rendered.
- Post Employment benefits
Post employment benefits comprise of gratuity, superannuation for the eligible employees of all the four units of the Company and medical benefit for eligible employees of Baroda unit 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 expense is recognized at the present value of the amount payable using actuarial valuation carried out as at the end of the

year in accordance with the revised Accounting Standard 15 (revised 2005) on 'Employee Benefits' issued by the Central Government.

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 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.

The Company also contributes to a government administered Family Pension fund on behalf of its employees

(c) Other long term employee benefits

Other long term employee benefits comprise of leave encashment. The Company accounts for Leave Encashment Liability on the basis of actuarial valuation carried out as at the end of the year.

(d) Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the statement of profit and loss.

Defined contribution plans:

The Company's contribution to National Pension Scheme is considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made

M. Research and Development:

Capital expenditure on Research & Development activities is included in Fixed Assets to the extent it has alternative economic use. Revenue expenditure pertaining to research activity is charged under respective account heads in the Consolidated Statement of Profit & Loss.

N. Taxation:

Provision for Current Income tax is based on the estimated taxable income for the period in accordance with the provisions of the Income Tax Act, 1961 and at the rate enacted or substantively enacted at the balance sheet date.

Deferred Tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date and is recognised on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets, subject to consideration of prudence, are recognised and carried forward only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

O. Segment Reporting :

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.

P. Provisions, Contingent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of a past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes to the financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2. Share Capital

(₹ in lakhs)

	As at 31st March			
	2016		2015	
	Number of Shares	Amount	Number of Shares	Amount
	Refer Note (a) below		Refer Note (a) below	
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) 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.

During the year ended 31st March, 2016, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 2.20/- (31st March, 2015: ₹ 2.20/-) per equity share of face value ₹ 2 each.

b) Shareholders holding more than 5% of Equity Share Capital

Name of the Shareholders	As at 31st March			
	2016		2015	
	Number of shares	Percentage of holding	Number of shares	Percentage of holding
Gujarat State Investments Limited	150,799,905	37.84	150,799,905	37.84
Life Insurance Corporation of India	31,778,658	7.98	31,123,023	7.81
Fidelity Puritan Trust-Fidelity Low priced stock fund	31,500,000	7.91	31,500,000	7.91

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3. Reserves and Surplus

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Capital reserve		
Per last balance sheet	1,256.33	1,256.33
Add: Additions during the year	-	-
Less: Deductions during the year	-	-
	1,256.33	1,256.33
Capital redemption reserve		
Per last balance sheet	3,335.00	3,335.00
Add: Additions during the year	-	-
Less: Deductions during the year	-	-
	3,335.00	3,335.00
Securities premium account		
Per last balance sheet	30,524.02	30,524.02
Add: Additions during the year	-	-
Less: Deductions during the year	-	-
	30,524.02	30,524.02
General reserve		
Per last balance sheet	371,153.31	347,286.60
Add: Transfer during the year from the statement of Profit & Loss	27,000.00	26,000.00
Less: Depreciation adjusted consequent upon implementation of Sch-II of the Companies Act, 2013	-	2,133.29
Less: Deductions during the year	-	-
	398,153.31	371,153.31
Surplus in the Statement of Profit and Loss		
Opening balance	36,300.05	31,901.87
Add : Profit for the year	38,743.15	40,949.34
	75,043.20	72,851.21
Less : Appropriations		
Transferred to general reserve	27,000.00	26,000.00
Proposed equity dividend (₹ 2.20 per share)	8,766.51	8,766.51
Provision for dividend tax on equity dividend	1,784.65	1,784.65
Closing balance	37,492.04	36,300.05
TOTAL	470,760.70	442,568.71

4. Long Term Borrowings

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Secured		
Term loan from bank*	10,613.26	19,194.51
TOTAL	10,613.26	19,194.51

Note: *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 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 loan repayment schedule is as under.

Loan Repayment Schedule	Financial Year	USD Mn
	2016-17	14.67
	2017-18	8.00
	2018-19	8.00

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

5. Deferred tax liability (net)

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
A] Deferred tax liability		
1. Depreciation	39,929.84	40,087.77
	39,929.84	40,087.77
B] Deferred tax asset		
1. Expenses allowable for tax purpose when paid	9,604.95	7,905.05
2. Provision against receivables, advances and accruals	4,726.04	4,567.71
	14,330.99	12,472.76
C] Net deferred tax liability/(asset) at end of the year (A-B)	25,598.85	27,615.01
D] Net deferred tax liability at the beginning of the year	27,615.01	26,165.61
E] Deferred tax expense for the year	(2,016.16)	1449.40

6. Long term provisions

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Provision for employee benefits (Refer Note 31)		
Provision for Gratuity	2,243.46	1,933.46
Provision for Pension	4,446.41	1,937.60
Provision for Compensated absences	12,139.34	11,039.33
Provision for Post Retirement Medical Benefit Scheme (PRMBS)	3,453.40	2,561.58
TOTAL	22,282.61	17,471.97

7. Short term borrowings

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Secured		
Loans repayable on demand		
From Banks		
Cash credit account *	22,167.34	17,430.13
Unsecured		
Deposits		
Intercompany deposit**	40,000.00	-
Other loans and advances		
Buyers credit and bill discounting facility	46,254.85	33,638.27
TOTAL	108,422.19	51,068.40

* 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 has availed Inter-Corporate Loan of Rs. 400 crores from Gujarat State Financial Services Limited @ 9% p.a. for 90 days period.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

8. Trade payables

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Due to Micro, Small and Medium Enterprises (MSMED)*	429.28	557.29
Others	55,949.71	34,733.79
TOTAL	56,378.99	35,291.08
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	429.28	557.29
(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.

9. Other current liabilities

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Current maturities of long term debt	9,728.83	4,172.72
Interest accrued but not due on borrowings	431.40	174.54
Income received in advance	3.46	6.98
Unpaid dividend*	427.14	361.19
Unpaid matured deposits*	1.92	5.36
Deposits received	4,390.42	3,582.59
Statutory dues	3,004.86	2,464.26
Dues to shareholders for fractional bonus shares	19.42	18.38
Subsidies payable	41.75	32.82
Liability towards employee benefits	6,501.54	5,908.23
Creditors for capital goods	3,828.19	1,631.47
Advances from customers	1,561.51	1,846.86
Other payables	504.17	315.26
TOTAL	30,444.61	20,520.66

* These figures do not include any amounts due and outstanding to be credited to Investor Education and Protection Fund.

10. Short term provisions

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Provision for employee benefits (Refer note 31)		
Provision for Gratuity	1,948.95	1,366.88
Provision for Compensated absences	2,641.30	1,895.38
Provision for Pension	3,728.20	2,634.41
Provision for PRMBS	182.74	116.46
Provision-Others		
Provision for taxation	14,069.86	11,748.86
Proposed equity dividend	8,766.51	8,766.51
Dividend tax on proposed equity dividend	1,784.65	1,784.65
TOTAL	33,122.21	28,313.15

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

11. Fixed Assets

(₹ in lakhs)

Fixed Assets	Gross Block			Depreciation					Net Block		
	As at 01-Apr-15	Asset Acquisitions	Asset Disposals	As at 31-Mar-16	As at 01-Apr-15	Adjusted/ Written Back	Adj. to retained Earning	For the period	As at 31-Mar-16	As at 31-Mar-16	As at 31-Mar-15
a) Tangible Assets											
Freehold land	551.47	0.00	0.00	551.47	0.00	0.00	0.00	0.00	0.00	551.47	551.47
	551.47	0.00	0.00	551.47	0.00	0.00	0.00	0.00	0.00	551.47	551.47
Leasehold land	32466.50	675.91	0.00	33142.41	818.99	0.00	0.00	373.72	1192.71	31949.70	31647.51
	32466.50	0.00	0.00	32466.50	451.60	0.00	0.00	367.39	818.99	31647.51	32014.90
Buildings	11853.37	2090.72	40.03	13904.06	5837.13	26.14	0.00	440.56	6251.55	7652.51	6016.24
	11112.75	740.62	0.00	11853.37	3915.66	0.00	1458.59	462.88	5837.13	6016.24	7197.09
Bridge, culverts, bunders, etc.	0.30	0.00	0.00	0.30	0.12	0.00	0.00	0.02	0.14	0.16	0.18
	0.30	0.00	0.00	0.30	0.10	0.00	0.00	0.02	0.12	0.18	0.20
Roads	1403.71	43.01	0.00	1446.72	1308.24	0.00	0.00	14.17	1322.41	124.31	95.47
	1403.71	0.00	0.00	1403.71	1245.32	0.00	52.87	10.05	1308.24	95.47	158.39
Plant and machinery	415585.62	6328.98	92.53	421822.07	261882.98	102.96	0.00	8330.30	270110.32	151711.75	153702.64
	411055.25	4644.63	114.26	415585.62	253557.50	108.52	282.41	8151.59	261882.98	153702.64	157497.75
Furniture and fittings	1856.22	91.05	0.28	1946.99	1337.95	0.26	0.00	77.48	1415.17	531.82	518.27
	1683.29	176.54	3.61	1856.22	1246.64	3.10	12.88	81.53	1337.95	518.27	436.65
Motor Vehicles	451.53	1.40	0.04	452.89	252.54	0.03	0.00	45.98	298.49	154.40	198.99
	441.82	15.37	5.66	451.53	201.59	4.92	3.53	52.34	252.54	198.99	240.23
Railway sidings	1597.70	0.00	0.00	1597.70	1309.61	0.00	0.00	81.28	1390.89	206.81	288.09
	1597.70	0.00	0.00	1597.70	1182.91	0.00	45.42	81.28	1309.61	288.09	414.79
Office equipment	1834.40	71.65	26.29	1879.76	1337.96	19.23	0.00	141.01	1459.74	420.02	496.44
	1580.11	273.48	19.19	1834.40	951.68	15.72	259.33	142.67	1337.96	496.44	628.43
Computers and Data Processing units	2016.35	162.68	277.77	1901.26	1751.35	268.93	0.00	109.12	1591.54	309.72	265.00
	1914.25	111.60	9.50	2016.35	1408.53	3.53	3.29	343.06	1751.35	265.00	505.72
Laboratory equipment	878.03	24.52	21.33	881.22	413.77	14.14	0.00	57.33	456.96	424.26	464.26
	801.60	76.43	0.00	878.03	354.67	0.00	1.39	57.71	413.77	464.26	446.93
Electrical Installation and Equipment	2666.14	597.54	0.00	3263.68	2067.32	0.00	0.00	108.57	2175.89	1087.79	598.82
	2647.21	18.93	0.00	2666.14	1977.20	0.00	11.83	78.29	2067.32	598.82	670.01
Library books	86.31	0.00	0.00	86.31	69.35	0.00	0.00	2.31	71.66	14.65	16.96
	86.31	0.00	0.00	86.31	64.63	0.00	1.75	2.97	69.35	16.96	21.68
Total	473247.65	10087.46	458.27	482876.84	278387.31	431.69	0.00	9781.85	287737.47	195139.37	194860.34
	467342.27	6057.60	152.22	473247.65	266558.03	135.79	2133.29	9831.78	278387.31	194860.34	200784.24
b) Intangible assets											
Others											
Computer software	1662.19	282.64	0.00	1944.83	718.64	0.00	0.00	288.62	1007.26	937.57	943.55
	1336.84	325.35	0.00	1662.19	483.90	0.00	0.00	234.74	718.64	943.55	852.94
Technical knowhow	11.03	0.00	0.00	11.03	1.38	0.00	0.00	1.10	2.48	8.55	9.65
	11.03	0.00	0.00	11.03	0.27	(0.01)	0.00	1.10	1.38	9.65	10.76
Total	1673.22	282.64	0.00	1955.86	720.02	0.00	0.00	289.72	1009.74	946.12	953.20
Previous year	1347.87	325.35	0.00	1673.22	484.17	(0.01)	0.00	235.84	720.02	953.20	863.70

Current year figures are in bold

Notes :

- The Company has commissioned 2616 MTPA FDY project of Rs 50.88 crores at Fibre unit on 26th September, 2015.
- Asset acquisition includes R&D assets of Rs 16.80 lakhs (previous year Rs 27.91 lakhs).
- 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.
- 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.
- Buildings include Rs.0.02 lakh being the value of shares in Co-operative Housing Societies.
- 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.
- Consequent upon enactment of Schedule-II of the New Company's Act, 2013, the Fixed Assets have been reclassified. In the respect of the fixed assets having completed their useful life, an amount of Rs.Nil (previous year Rs 2133.29 Lakhs) has been adjusted against the opening balance of retained earnings.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

12. Non-current Investments

(₹ in lakhs)

Particulars	As at 31st March			
	2016		2015	
	Numbers	Amount	Numbers	Amount
I. Trade Investments:				
Investment in equity instruments-fully paid (Unquoted)				
a) Associates				
Vadodara Enviro Channel Ltd. - ₹ 10 each (Erstwhile Effluent Channel Project Ltd.)	14,302	287.92	14,302	247.17
Gujarat Green Revolution Company Ltd. - ₹ 10 each	1,250,000	4,714.30	1,250,000	3,996.76
b) Others				
Indian Potash Limited - ₹ 10 each	1,125,000	60.50	1,125,000	60.50
Gujarat Chemical Port Terminal Co. Ltd. - ₹ 1 each	122,631,575	1,226.32	122,631,575	1,226.32
Bhavnagar Energy Company Ltd. - ₹ 10 each (Subscribed during the previous year 3,03,10,000 shares)	51,060,000	5,106.00	51,060,000	5,106.00
Refer Note - d				
Gujarat State Petroleum Corporation Limited – ₹ 1 each Refer Note - c	23,500,000	15,010.00	23,500,000	15,010.00
GSPC Gas Company Limited – ₹ 10 each Refer Note - c	-	-	5,100,000	2,510.00
GSPC Distribution Networks Limited– ₹ 10 each Refer Note - c	-	-	150,000,000	15,000.00
Tunisian Indian Fertilizers (TIFERT s.a.) - Tunisian Dinar (TND) 10 each Refer Note - b	4,179,848	14,841.88	3,375,000	12,024.77
		36,244.70		50,937.59
Investment in equity instruments-fully paid (Quoted)				
Gujarat Narmada Valley Fertilizers Co. Ltd. - ₹ 10 each	30,779,167	5,838.81	30,779,167	5,838.81
Gujarat Industries Power Company Ltd. - ₹ 10 each	22,362,784	3,649.59	22,362,784	3,649.59
Gujarat Alkalies & Chemicals Ltd. - ₹ 10 each	1,655,040	827.52	1,655,040	827.52
Gujarat Gas Ltd. Refer Note - c	9,382,895	17,510.00	-	-
Karnalyte Resources Inc - Canadian Dollar (CAD) 8.15 each	5,490,306	23,768.70	5,490,306	23,768.70
		51,594.62		34,084.62
Total Trade Investments		92,841.54		89,266.14
II. Other Investments:				
Investment in equity instruments fully paid				
i) Quoted				
Gujarat State Financial Corporation - ₹ 10 each	935,600	187.12	935,600	187.12
Less : Provision for Diminution		187.12		187.12
GRUH Finance Limited - ₹ 2 each (Received Bonus shares 5,00,000)	1,000,000	29.50	1,000,000	29.50
Industrial Development Bank of India - ₹ 10 each	549,440	446.42	549,440	446.42
Mangalore Chemicals & Fertilizers Ltd. - ₹ 10 each	579,000	38.45	579,000	38.45
		514.37		514.37

(Contd.)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

12. Non-current Investments (Contd.)

(₹ in lakhs)

Particulars	As at 31st March			
	2016		2015	
	Numbers	Amount	Numbers	Amount
ii) Unquoted				
Gujarat Data Electronics Limited - ₹ 10 each	115,000	11.50	115,000	11.50
Less : Provision for Diminution		11.50		11.50
		-		-
Gujarat Venture Finance Limited – ₹ 10 each	60,000	6.00	60,000	6.00
Biotech Consortium India Limited – ₹ 10 each	50,000	5.00	50,000	5.00
		11.00		11.00
Total Other Investments		525.37		525.37
TOTAL INVESTMENTS		93,366.91		89,791.51
Aggregate amount of Quoted Investments		52,108.99		34,598.99
Market Value of Quoted Investments		107,583.39		48,268.71
Aggregate amount of Unquoted Investments		41,257.92		55,192.52
Aggregate provision for diminution in value of Investments		198.62		198.62
Notes:				
a) Investment in Associates is accounted under equity method as under:				
(i) Vadodara Enviro Channel Limited				
Opening Carrying value of Investment		264.67		327.24
Less: Capital Reserve		17.50		17.50
Add: Share in Profit for the year		40.75		(62.57)
Carrying value of investments at the year end		287.92		247.17
(ii) Gujarat Green Revolution Company Limited				
Opening Carrying value of Investment		4,160.98		3,241.36
Less: Capital Reserve		164.22		164.22
Add: Share in Profit for the year		717.54		919.62
Carrying value of investments at the year end		4,714.30		3,996.76

Notes:

- As one of the promoters of the Gujarat Chemical Port Terminal Company Limited (GCPTCL), the Company has given undertaking to ICICI Bank for not to transfer, assign, dispose off, pledge, charge or create any lien or in any way encumber Company's existing or future shareholding in the GCPTCL in favour of any person so long as money remains due by GCPTCL to ICICI Bank or till the project is duly completed, whichever is later.
- 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. The principal amount Rs 2,555.94 lakhs of the convertible term loan and accrued interest Rs 261.16 lakhs thereon converted into fully paid 8,04,848 No of equity shares of TND 10 each at par.
- On 2nd June, 2015, the Company has received 93,82,895 nos of shares of Gujarat Gas Ltd in pursuant to scheme of amalgamation and arrangement between the GSPC Gas Company Limited and GSPC Distribution Networks Limited. Out of the said shares, 39,47,369 nos of shares of Gujarat Gas Ltd are lock-in for a period of 3 years from listing date.
- 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%.
- The equity shares of Karnalyte Resources Inc., Canada, held by the Company are pledged to secure the Company's long term borrowings from bank.
- For basis of valuation refer Note 1 – Significant accounting policies

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

13. Long term loans and advances

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Secured, considered good		
Loans and advances to employees (housing and vehicles)	6,663.85	5,791.62
Unsecured, considered good		
Capital advances	5,073.98	5,589.95
Deposit with govt.agencies	50.04	49.92
Other deposits	3,871.83	3,740.44
Convertible term loan*	-	2,555.94
Other advances including loans and advances to employees	444.27	561.01
Advance tax (net of provision)	5,986.39	5,671.87
Unsecured, considered doubtful		
Deposits with companies & others	102.70	102.70
Less: provision for doubtful deposits	102.70	102.70
TOTAL	22,090.36	23,960.75

* the loan of USD 4.65 million is provided to TIFERT with a condition of compulsory conversion in equity shares after three years period. The loan carries interest rate of 12 month LIBOR+225 bps. The principal amount of the convertible term loan as mentioned above and interest accrued amounting to Rs. 261.16 Lacs thereon has been converted into equity during the current FY 2015-16. Please refer note no. 12(b).

14. Other non current assets

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Accruals		
Interest accrued but not due- Housing and vehicle loans	3,795.73	3,557.09
Interest accrued but not due- marriage loans, etc	70.20	267.51
Others	15.58	15.58
TOTAL	3,881.51	3,840.18

15. Inventories(at lower of cost and net realisable value)

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Raw materials	9,245.99	18,286.99
Raw materials in Transit	5,148.43	240.70
Work-in-Process	1,912.52	1,949.26
Finished goods	22,264.65	20,511.06
Stock in trade	3,764.48	1,001.68
Stock in trade-in Transit	251.55	1,249.76
Stores and spares (including packing material)	20,185.22	20,003.63
Stores and spares in transit	-	129.41
Loose tools	27.67	29.31
TOTAL	62,800.51	63,401.80

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

16. Trade receivable

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Outstanding for a period exceeding six months from the date they were due for payment (Refer note no.36)		
Secured, considered good	158.22	124.17
Unsecured, considered good	132,844.06	99,990.20
Unsecured, considered doubtful	5,852.24	5,394.75
	<u>138,854.52</u>	<u>105,509.12</u>
Less: Provision for doubtful trade receivables	5,852.24	5,394.75
	<u>133,002.28</u>	<u>100,114.37</u>
Others		
Secured, considered good	790.45	464.76
Unsecured, considered good	197,025.62	92,449.13
	<u>197,816.07</u>	<u>92,913.89</u>
TOTAL	<u>330,818.35</u>	<u>193,028.26</u>

17. Cash and cash equivalents

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Cash and cash equivalents (as per AS-3 cash flow statement)		
Cash on hand	17.03	16.31
Balances with banks		
In current accounts	3,111.17	3,484.67
In Short term deposits account (original maturity less than three months)	11.74	26.34
Other bank balances:		
In Unpaid dividend account	427.14	361.19
In Fractional bonus account	10.58	9.52
In Deposit accounts (maturity more than three months)	595.32	31,938.32
TOTAL	<u>4,172.98</u>	<u>35,836.35</u>

Cash and cash equivalents as above meet the definition of cash and cash equivalents as per AS 3 "Cash Flow Statements".

18. Short term loans and advances

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Unsecured, considered good		
Advances to employees	86.42	95.98
Advances to suppliers	3,494.39	6,504.74
Balances with govt. agencies:		
Other advances		
(i) Cenvat	832.13	607.25
(ii) Vat	366.10	447.42
(iii) Service tax credit receivable	282.09	231.44
Prepaid expenses	333.45	516.27
Others	14.24	19.26
TOTAL	<u>5,408.82</u>	<u>8,422.36</u>

19. Other Current Assets

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Current maturity of employee loans	1,360.64	1,160.61
Interest accrued	27.58	1,636.25
Interest on employee loans	186.96	156.11
Assets retired from use and held for disposal	308.45	308.45
Others	4,606.06	6,532.76
TOTAL	<u>6,489.69</u>	<u>9,794.18</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

20. Revenue from operations

(₹ in lakhs)

Particulars	Year ended 31st March	
	2016	2015
Revenue from sale of products		
(Refer note no.-36&37)		
- Manufactured / Generated products	564,224.75	517,970.43
- Traded products	73,651.57	39,648.68
Total	637,876.32	557,619.11
Less : Excise duty	21,543.67	25,162.51
	616,332.65	532,456.60
Details of sale of products		
Manufactured Products		
Urea	88,185.53	51,199.91
Ammonium Sulphate	57,249.10	52,014.05
Di ammonium Phosphate	134,752.44	106,144.98
Ammonium Phosphate Sulphate	85,999.72	85,434.38
NPK (12:32:16 and 10:26:26)	15,344.95	4,714.90
Caprolactam	67,997.08	91,373.60
Nylon 6	22,656.04	26,338.97
Melamine	14,313.57	12,802.41
Polymer Products	5,930.66	8,335.52
Nylon Filament Yarn	6,912.09	6,831.26
Other manufactured products	43,339.90	47,617.94
Total Manufactured Products	542,681.08	492,807.92
Trading Products		
DAP	44,160.36	18,863.23
Anone	1,645.82	3,816.09
Methanol	13,282.30	10,357.91
Melamine	8,566.73	2,296.73
Others	5,996.36	4,314.72
Total Trading Products	73,651.57	39,648.68
Total (Manufactured+Traded)	616,332.65	532,456.60

21. Other income

(₹ in lakhs)

Particulars	Year ended 31st March	
	2016	2015
Interest on: (gross)		
Deposits:	1,586.26	2,706.18
Advances:	493.49	445.62
Others:	768.92	1,177.36
Dividend from long term investments		
Trade:	1,284.22	1,835.02
Others:	29.69	24.36
Others		
Rent	102.38	90.47
Insurance claims	19.26	56.92
Profit on sale of fixed assets	0.13	0.05
Excess provision no longer required	910.86	2,495.93
Miscellaneous	1,225.61	1,287.61
TOTAL	6,420.82	10,119.52

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

22. Cost of material consumed

(₹ in lakhs)

Particulars	Year ended 31st March	
	2016	2015
Raw Materials		
Opening stock	18,527.69	21,847.01
Add: Purchases	309,264.94	289,905.96
Less: Closing stock	14,394.41	18,527.69
TOTAL	313,398.22	293,225.28
Materials consumed comprise:		
Rock Phosphate	19,477.15	19,657.20
Sulphur	20,969.64	22,216.71
Gas	78,395.25	64,164.26
Benzene	44,962.15	66,073.19
Ammonia	29,075.64	30,921.95
Phosphoric Acid	103,170.56	76,145.10
MEK	2,412.02	2,832.32
Acetone	100.96	2,071.36
Others	14,834.85	9,143.19
TOTAL	313,398.22	293,225.28

23. Purchase of stock in trade

(₹ in lakhs)

Particulars	Year ended 31st March	
	2016	2015
DAP	42,850.73	15,702.56
Anone	1,762.58	-
Methanol	14,228.37	11,575.99
Melamine	9,367.44	3,014.74
Others	4,983.34	2,150.75
TOTAL	73,192.46	32,444.04

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

24. Changes in inventory of finished goods, work in process and stock in trade (₹ in lakhs)

Particulars	Year ended 31st March	
	2016	2015
Opening stock		
Finished products	20,511.06	18,731.77
Stock in trade	2,251.44	5,090.51
Work-in-process	1,949.26	3,035.32
	24,711.76	26,857.60
Less: Closing stock		
Finished products*	22,264.65	20,511.06
Stock in trade	4,016.03	2,251.44
Work-in-process	1,912.52	1,949.26
	28,193.20	24,711.76
(Increase) / Decrease	(3,481.44)	2,145.84
*Details of Inventory of finished goods		
Fertilizers	11,813.00	11,127.92
Caprolactam	4,170.75	2,733.33
Ammonia	1,635.14	2,093.41
Nylon 6	753.64	1,170.94
Nylon Filament Yarn	1,841.81	1,426.91
Methanol	369.93	535.60
Melamine	581.80	44.28
Others	1,098.58	1,378.67
TOTAL	22,264.65	20,511.06

25. Employee benefit expenses (₹ in lakhs)

Particulars	Year ended 31st March	
	2016	2015
Salaries, wages, bonus	35,134.93	29,147.24
Contribution to provident, gratuity and superannuation (pension) funds (including provisions)	11,221.05	3,848.14
Staff Welfare expenses	7,391.21	5,991.07
TOTAL	53,747.19	38,986.45

Employee benefit expenses includes R&D salary expenses of Rs 1171.15 lakhs (previous year Rs 799.63 lakhs)

26. Finance costs (₹ in lakhs)

Particulars	Year ended 31st March	
	2016	2015
Interest		
- borrowings	2,388.41	1,387.48
- others	133.95	122.42
Other borrowing cost	498.85	290.87
TOTAL	3,021.21	1,800.77

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

27. Other expenses

(₹ in lakhs)

Particulars	Year ended 31st March	
	2016	2015
Consumption of stores and spare parts	7,777.42	7,601.34
Water	2,226.09	2,061.66
Packing expenses	8,865.46	8,237.56
Repairs to buildings	424.35	336.40
Repairs to machinery	5,690.81	5,622.33
Other repairs	848.25	752.78
Insurance	829.50	950.41
Rent, rates and taxes (excluding income taxes)	1,401.15	1,919.29
Excise duty (net)	269.07	(699.92)
Product transportation, distribution & loading & unloading charges	23,446.82	18,149.31
Depots and farm information centers expenses	1,732.11	1,487.23
Marketing expense reimbursement, demonstration, extension services and publicity etc.	1,139.71	498.27
Cash rebate on sales	2,042.96	1,342.49
Variation in exchange rates	4,412.16	2,505.66
Premium on forward contract	297.24	735.28
Directors Sitting Fees	9.05	6.80
Auditors' remuneration *	94.93	64.52
Cost auditors' fees	5.37	4.79
Research and development expenses	61.68	42.89
Loss on fixed assets sold/discarded	26.38	15.91
Provision for doubtful debts/advances	533.67	550.68
Donations and contributions	846.35	1,177.95
Miscellaneous	4,303.83	4,214.81
TOTAL	67,284.36	57,578.44
Other expenses includes R&D expenses of Rs 85.05 lakhs (previous year Rs 62.63 lakhs)		
*Auditors' remuneration		
Payment to Statutory Auditors as:		
Auditors	21.95	16.65
(including Statutory audit fees)		
For Taxation matters	59.52	37.50
For other services (including Limited Review fees & certification)	12.02	10.10
For Reimbursement of expenses	1.44	0.27
	94.93	64.52
Payment to Cost Auditors		
Cost auditors' fees	5.37	4.79

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

28. Earnings per share (EPS):

(₹ in lakhs)

Particulars	Year ended 31st March	
	2016	2015
Profit for the year (₹ in lakhs)	38,743.15	40,949.34
Weighted average number of equity shares for basic EPS [nos.]	398,477,530	398,477,530
Weighted average number of equity shares including potential equity shares for diluted EPS [nos.]	398,477,530	398,477,530
Basic EPS (₹)	9.72	10.28
Diluted EPS (₹)	9.72	10.28
Nominal value per share (₹)	2.00	2.00

29. Contingent Liabilities

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Claims against the Company not acknowledgement as debt		
(i) Excise Duty	4,418	4,323
(ii) Central Sales Tax and Value Added Tax	4,317	4,311
(iii) Income Tax	3,099	2,904
(iv) Other Claims by :		
- Statutory Corporations	22,568	1,122
- Department of Fertilizers, total amount not quantifiable, demands stayed, matter pending with High Courts	Refer note no.36&37	Refer note no.36&37
- Employees/ex-employees, contractual labour - pending before courts	Not ascertainable	Not ascertainable
It is not practicable for the Company to estimate the timings of cash flow, if any, in respect of the above.		
Guarantees		
The Company has provided sponsor's Guarantee towards the borrowing of Tunisian Indian Fertilizers S.A., Tunisia (TIFERT) upto 15% of the amount due and outstanding	25,789	32,391

30. Commitments

(₹ in lakhs)

Particulars	As at 31st March	
	2016	2015
Estimated amount of contracts remaining to be executed on capital accounts and not provided for.	38,029	59,661

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

31. Employees Benefits

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. Leave Encashment Benefit
ii. Post Retirement Medical Benefit Scheme (PRMBS) |
|---|---|

b) Defined contribution plans:

Amount towards Defined Contribution Plans have been recognised under "Contributions to Provident, Gratuity and Superannuation Fund (pension) Funds (including provisions)" in Note:25 Rs 2521.06 lakhs (2014-15 Rs 1873.98 lakhs)

c) Details of funded & unfunded plans are as follows :

(₹ in lakhs)

Description	2015-16 2014-15		2015-16 2014-15	
	Pension		Gratuity	
1. Changes In Present Value of obligation				
a. Obligation as at the beginning of the year	35708.00	35506.00	21072.46	20835.98
b. Current Service Cost	675.78	436.71	916.34	925.49
c. Interest Cost	2856.64	2840.48	1673.11	1675.18
d. Actuarial (Gain)/Loss	15143.18	534.77	4665.37	(460.73)
e. Benefits Paid	(4021.60)	(3609.96)	(2066.83)	(1903.47)
f. Obligation as at the end of the year	50362.00	35708.00	26260.45	21072.45
The defined benefit obligation as at 31.03.2016 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	31135.99	30065.39	17772.12	17053.92
b. Expected return on Plan Assets	2615.37	2530.75	1585.66	1435.24
c. Actuarial Gain/(Loss)	-	-	-	-
d. Contributions	2133.97	2149.81	1152.75	1186.42
e. Benefits Paid	(4021.60)	(3609.96)	(2066.83)	(1903.47)
f. Fair Value of Plan Assets as at the end of the year	31863.73	31135.99	18443.70	17772.11
3. Amount Recognised In The Balance Sheet				
a. Fair Value of Plan Assets as at the end of the year	31863.73	31135.99	18443.70	17772.11
b. Present Value of Obligation as at the end of the year	(50362.00)	(35708.00)	(26260.45)	(21072.45)
c. Unrecognised past service cost	10323.66	0.00	3624.34	
d. Amount recognised in the Balance Sheet	(8174.61)	(4572.01)	(4192.41)	(3300.34)
4. Expense recognised during the year				
a. Current Service Cost	675.78	436.71	916.34	925.49
b. Interest Cost	2856.64	2840.48	1673.11	1675.18
c. Expected return on Plan Assets	(2615.37)	(2530.75)	(1585.66)	(1435.24)
d. Actuarial (Gain)/Loss	4819.52	534.77	1041.03	(460.73)
e. Expense recognised during the year	5736.57	1281.21	2044.82	704.70
5. Investment Details of Plan Assets				
Administered by LIC of India	100%	100%	100%	100%
6. Assumptions	31.3.2016	31.3.2015	31.3.2016	31.3.2015
a. Discount Rate (per annum)	8%	8%	8%	8%
b. Estimated Rate of return on Plan Assets (per annum)	9.00%	9.15%	9.25%	9 to 9.01%

(Contd.)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

31. Employees Benefits (Contd.)

(c) Details of funded & unfunded plans :

(₹ in lakhs)

Description	2015-16	2014-15	2015-16	2014-15
	Leave Encashment		PRMBS	
1. Changes In Present Value of the defined benefit obligation				
a. Obligation as at the beginning of the year	12934.71	11991.96	2678.04	2356.54
b. Current Service Cost	2793.12	2400.58	1328.12	693.89
c. Actuarial (Gain)/Loss	3272.71	335.69	0.00	0.00
d. Benefits Paid	(1894.58)	(1793.52)	(370.02)	(372.39)
e. Obligation as at the end of the year	17105.96	12934.71	3636.14	2678.04
The defined benefit obligation as at 31.03.2016 is	Unfunded	Unfunded	Unfunded	Unfunded
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	(17105.96)	(12934.71)	(3636.14)	(2678.04)
c. Unrecognised past service cost	2325.32			
d. Amount recognised in the Balance Sheet	(14780.64)	(12934.71)	(3636.14)	(2678.04)
3. Expense recognised during the year				
a. Current Service Cost	2793.12	2400.58	1328.12	693.89
b. Actuarial (Gain)/Loss	947.39	335.69	0.00	0.00
c. Expense recognised during the year	3740.51	2736.27	1328.12	693.89
The expense is disclosed in Note No. 25 - "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 Expenses				
4. Assumptions :	31.03.2016	31.03.2015	31.03.2016	31.03.2015
a. Discount Rate (per annum)	7.8%to7.99%	7.95%to8.04%	7.85%to8.06%	7.95%
b. Estimated Rate of return on Plan Assets (per annum)	N.A.	N.A.	N.A.	N.A.
c. The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.				
d. 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.				
5. Effect of one percentage point change in the assumed medical inflation rate-Benefit Obligation				
a. One percentage point increase in medical inflation rate				4100.28
b. One percentage point decrease in medical inflation rate				3254.20

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

31. Employees Benefits (Contd.)

d) Amount for current and previous four years is as follow.

(₹ in lakhs)

Pension	2015-16	2014-15	2013-14	2012-13	2011-12
Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)					
1 Present Value of Defined Benefit Obligation	50362.00	35708.00	35506.00	36420.46	34361.24
2 Fair Value of Plan Assets	1863.73	31135.98	30065.39	28729.63	28476.54
3 Status [Surplus/(Deficit)]	(8174.63)	(4572.02)	(5440.61)	(7690.83)	(5884.70)
4 Experience Adjustment of Plan Assets [Gain/(Loss)]	-	-	-	-	-
5 Experience Adjustment of obligation [(Gain)/Loss]	4819.54	534.77	(1573.72)	2121.48	5175.99
Gratuity	2015-16	2014-15	2013-14	2012-13	2011-12
Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)					
1 Present Value of Defined Benefit Obligation	26260.45	21072.46	20835.98	20608.60	18565.66
2 Fair Value of Plan Assets	18443.70	17772.13	17053.92	16392.27	16264.54
3 Status [Surplus/(Deficit)]	(4192.42)	(3300.33)	(3782.06)	(4216.33)	(2301.12)
4 Experience Adjustment of Plan Assets [Gain/(Loss)]	-	-	-	-	-
5 Experience Adjustment of obligation [(Gain)/Loss]	1041.04	(460.73)	(303.78)	1897.77	1640.20
Leave Encashment	2015-16	2014-15	2013-14	2012-13	2011-12
Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)					
1 Present Value of Defined Benefit Obligation	17105.96	12934.70	11991.95	12781.49	11972.49
2 Fair Value of Plan Assets	-	-	-	-	-
3 Status [Surplus/(Deficit)]	(14780.65)	(12934.70)	(11991.95)	(12781.49)	(11972.49)
4 Experience Adjustment of Plan Assets [Gain/(Loss)]	-	-	-	-	-
5 Experience Adjustment of obligation [(Gain)/Loss]	1073.98	335.69	332.00	-	-
PRMBS	2015-16	2014-15	2013-14	2012-13	2011-12
Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)					
1 Present Value of Defined Benefit Obligation	3636.09	2678.04	2356.54	2144.92	1941.17
2 Fair Value of Plan Assets	-	-	-	-	-
3 Status [Surplus/(Deficit)]	(3636.09)	(2678.04)	(2356.54)	(2144.92)	(1941.17)
4 Experience Adjustment of Plan Assets [Gain/(Loss)]	-	-	-	-	-
5 Experience Adjustment of obligation [(Gain)/Loss]	-	-	-	44.00	(182.00)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

32. Segment Information

(₹ in lakhs)			(₹ in lakhs)		
Particulars	For the year ended on 31.03.2016	For the year ended on 31.03.2015	Particulars	For the year ended on 31.03.2016	For the year ended on 31.03.2015
i) PRIMARY SEGMENT INFORMATION :					
A] SEGMENT REVENUE :					
1. Total Segment Revenue :			6. Total Liabilities	286862.72	199474.78
a) Fertilizer Products	438042.98	328815.64	7. Capital Expenditure :		
b) Industrial Products	178289.67	203640.96	a) Fertilizer Products	17152.15	2221.25
TOTAL	616332.65	532456.60	b) Industrial Products	8233.68	6988.88
2. Inter Segment Revenue	0.00	0.00	c) Corporate Capital Expenditure	(1122.44)	4547.20
3. External Revenue (1-2) :			TOTAL	24263.39	13757.33
a) Fertilizer Products	438042.98	328815.64	8. Depreciation :		
b) Industrial Products	178289.67	203640.96	a) Fertilizer Products	5980.96	6251.54
TOTAL	616332.65	532456.60	b) Industrial Products	3670.95	3581.21
B] RESULT :			c) Unallocated Corporate Depreciation	419.66	234.87
1. Segment Result :			TOTAL	10071.57	10067.62
a) Fertilizer Products	50577.60	37993.36	9. Non-Cash Expenses :		
b) Industrial Products	6033.01	18622.92	a) Fertilizer Products	7682.25	3658.72
TOTAL	56610.61	56616.28	b) Industrial Products	5697.51	2654.69
2. a) Unallocated Income	5425.26	8533.93	c) Unallocated non-cash expenses	3.18	0.49
b) Unallocated Expenses	-4202.58	-5876.17	TOTAL	13382.94	6313.90
3. Operating Profit (B1+B2)	57833.29	59274.04			
4. Finance Cost	-3021.21	-1800.77	ii) SECONDARY SEGMENT INFORMATION :		
5. Provision for Taxation :			The Company operates mainly in Indian market and there are no reportable geographical segments.		
Current Income Tax	-18843.38	-15931.58			
Deferred Tax (net)	2016.16	-1449.40	iii) OTHER DISCLOSURES :		
6. Net Profit	37984.86	40092.29	1. The Products and Services covered under each business segment are as under :		
OTHER INFORMATION :			Fertilizer Products :		
1. Segment Assets :			Urea, Ammonium Sulphate, Di-ammonium Phosphate, Ammonium Phosphate Sulphate, NPK (12:32:16)(10:26:26), traded fertilizer products etc.		
a) Fertilizer Products	466220.26	328641.96	Industrial Products :		
b) Industrial Products	143384.61	138595.95	Caprolactam, Nylon-6, Nylon Filament Yarn, Nylon Chips, Melamine, Methanol, Polymer products, traded industrial products etc.		
TOTAL	609604.87	467237.91	2. Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on reasonable basis.		
2. Unallocated Corporate Assets	155988.10	182775.13			
3. Total Assets	765592.97	650013.04			
4. Segment Liabilities :					
a) Fertilizer Products	74166.85	45494.50			
b) Industrial Products	32420.21	29005.12			
TOTAL	106587.06	74499.62			
5. Unallocated Corporate Liabilities	180275.66	124975.16			

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

33. Related Party Transactions

Related Party Disclosures as required by AS-18 "Related Party Disclosures" are given below :

1. Relationship :

- (a) Associate Company:
 - (i) Vadodara Enviro Channel Ltd. (Erstwhile Effluent Channel Project Ltd.)
 - (ii) Gujarat Green Revolution Company
 - (iii) Gujarat Data Electronics Ltd
- (b) Key Managerial Personnel and their relatives:
 - (i) Dr. S K Nanda - Chairman cum Managing Director up to 31/01/2016
 - (ii) Shri. A M Tiwari - Managing Director w.e.f. 01/02/2016
 - (iii) Shri V D Nanavaty - Sr VP (Finance) & CFO
 - (iv) Shri V V Vachharajani- Company Secretary & VP (Legal)
- (c) Others : GSFC Education Society

2. Details of transactions with related parties :

(I) Details relating to parties referred to in 1(a) above: (₹ in lakhs)

Sr. No.	Nature of Transaction	Value for FY 2015-16	Value for FY 2014-15
(i)	Vadodara Enviro Channel Ltd.		
1.	Usage of effluent channel	304.46	288.91
2.	Advances given	--	35.40
3.	Outstanding balance	--	25.20
(ii)	Gujarat Green Revolution Company		
1.	Reimbursement of expenses	173.51	124.42
2.	Dividend received	6.25	6.25
3.	Outstanding balance	160.85	201.34

(III) Details relating to parties referred to in 1(b) above: (₹ in lakhs)

1	Remuneration to		
(i)	Chairman cum Managing Director	23.31	10.87
(ii)	Managing Director	3.23	16.94
(iii)	Sr VP (Finance) & CFO	41.41	26.13
(iv)	Company Secretary & VP (Legal)	37.00	21.44
2	Loan Given to Company Secretary & VP (Legal)	10.00	--

(IV) Details relating to parties referred to in 1(c) above: (₹ in lakhs)

1.	Donations given	285.00	948.31
----	-----------------	--------	--------

34. Other Disclosures

(₹ in lakhs)

Name of the Company	Country of Incorporation	Proportion of Ownership Interest	Date of financial statements
Subsidiaries			
GSFC Agrotech Limited	India	100% (100%)	31 st March, 2016 (31 st March, 2015)
Associates			
Vadodara Enviro Channel Limited	India	28.57% (28.57%)	31 st March, 2016 (31 st March, 2015)
Gujarat Green Revolution Company Limited	India	46.87% (46.87%)	31 st March, 2016 (31 st March, 2015)

Name of entity in the Parent	Net Assets i.e. total assets - total liabilities		Share of Profit or loss	
	As % of Consolidated net assets	Amount ₹ in lakhs	As % of Consolidated Profit or loss	Amount ₹ in lakhs
I. Subsidiary				
GSFC Agrotech Limited	0.08% (0.03%)	444.86 (144.60)	0.26% (0.20%)	100.26 (83.06)
II. Associates				
Vadodara Enviro Channel Limited	1.04% (1.00%)	5077.26 (4597.65)	0.10% (-0.15%)	40.75 (-62.57)
Gujarat Green Revolution Company Limited	2.11% (1.93%)	10306.81 (8877.43)	1.85% (2.25%)	717.54 (919.62)

In the absence of financial statements as on the reporting date for one dormant associate, viz. Gujarat Data Electronics Limited, no adjustment has been made in the consolidated financial statements. 100% Provision for diminution in value has been provided for this investment and hence it is carried at Nil value in the financial statements.

35. Details on derivative instruments and unhedged foreign currency exposures

- (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, 2016

Currency	Amount (in Mn)	Buy/Sell	Cross currency
USD	10.00	Buy	Rupees
USD	(0.77)	Buy	Rupees

Note: Figures in brackets relate to the previous year

- (ii) Outstanding option contracts entered into by the Company as on 31st March, 2016 :

Currency	Amount (in Mn)	Buy/Sell	Cross currency
USD	38.02	Buy	Rupees
USD	(47.51)	Buy	Rupees
USD	38.02	Sell	Rupees
USD	(47.51)	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:2, Amount: 30.67 Mn USD Principal (As at 31 March, 2015 : No of contracts 2, Amount :37.33 Mn USD Principal)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- (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	61.37	Buy	Rupees
USD	(47.50)	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 8.62 Mn (As at March 31, 2015: : USD 7.08 Mn)

36. Government Grants and Subsidies

(₹ in lakhs)

	For the year ended 31 st March	
	2016	2015
Revenue from Operations (Note-20) includes :		
Subsidy from Government of India under New Urea Policy/Retention Price Scheme/Nutrient Based Subsidy Scheme :-		
Pertaining to current year	180006	126706
Pertaining to earlier years determined during current year	10173	3124
	As at 31st March 2016	As at 31st March 2015
Trade Receivables (Note-16) includes:-		
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	131769	98097
Outstanding for a period not exceeding six months from due date	106425	44403
*The above amount includes outstanding subsidy on Ammonium Sulphate fertilizer Rs 84375 lakhs (previous year Rs 65490 lakhs), pending finality of matter in the court.		

37. Subsidy on Ammonium Sulphate:

Department of Fertilizers (DoF) vide Office Memorandum dated 18th March, 2013 had sought to recover subsidy on Ammonium Sulphate fertilizer produced by the Company, under the Nutrient Based Subsidy scheme of Govt. of India w.e.f. April 1, 2010, and also to stop further disbursement of subsidy on said fertilizer.

The management believes that since its Ammonium Sulphate (AS), is specifically covered in the Nutrient Based Subsidy

(NBS) Policy right from inception of the scheme w.e.f.1-4-2010, it has been allowed to upload various data on Fertilizers Monitoring System website of DoF.

The Company filed a writ petition in the Honourable Delhi High Court and obtained a stay. The company is trying to resolve matter with Government of India. DoF has also presented its view in the Honourable Delhi high Court about amicable settlement in the matter. The Company has already made representation to DoF for releasing interim subsidy and as per the last order of the court dated 11th May 2016, DoF has confirmed to a decision for disposing of the representation within a period of six weeks and has adjourned the date of next hearing to July 18, 2016.

Following amounts already have been recognised in the books of accounts for respective years/periods and the management strongly believes that amounts mentioned below are recoverable or not required to be paid back to government in case already received.

Such subsidy received from the Department of Fertilizers amounting to Rs. 26,866 lakhs for the period from April 1, 2010 to November 30, 2011 has been accounted for as Net sales/ Income from operations in the respective accounting periods.

Net sales/ Income from operations and trade receivables in the financial statements include amounts of such subsidy as under:

Revenue from operation (Note-20) includes:-

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Subsidy from Government of India under Nutrient Based Subsidy Scheme	18836	17853

Trade Receivables (Note-16) includes:-

	As at 31.03.2016	As at 31.03.2015
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	73192	54875
Outstanding for a period not exceeding six months from due date	11183	10615

Based on the given scenario, management of the Company believes that there is no ground for removing AS from NBS and has been done in arbitrary and discriminatory manner and amount accounted as above is recoverable from the DoF.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

38. Previous Year's Figures

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/ disclosures.

Signatures to Notes 1 to 38 forming the part of the Financial Statements 2015-16.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No. 117364W

Gaurav J. Shah
Partner
Membership No. 35701

Gandhinagar
24th May, 2016

A M Tiwari
Managing Director

V. D. Nanavaty
Sr. VP (Finance) & CFO

Gandhinagar
24th May, 2016

G R Aloria
Chairman

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 Rs.)

		Amount in Rs.
1	Serial No.	1
2	Name of the subsidiary	GSFC Agrotech Limited
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	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
5	Share capital (as on 31.03.2016)	30,000,000
6	Reserves & surplus (as on 31.03.2016)	14,486,127
7	Total assets (as on 31.03.2016)	87,737,488
8	Total Liabilities (as on 31.03.2016)	43,251,360
9	Investments (as on 31.03.2016)	Nil
10	Turnover (FY 2015-16)	154,652,724
11	Profit before taxation (FY 2015-16)	14,980,471
12	Provision for taxation (FY 2015-16)	4,953,715
13	Profit after taxation (FY 2015-16)	10,026,756
14	Proposed Dividend (FY 2015-16)	Nil
15	% of shareholding (as on 31.03.2016)	100% (with nominees)

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 **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No. 117364W
Gaurav J. Shah
Partner
Membership No. 35701

Gandhinagar
24th May, 2016

A M Tiwari
Managing Director

V. D. Nanavaty
Sr. VP (Finance) & CFO

Gandhinagar
24th May, 2016

G R Aloria
Chairman

V. V. Vachhrajani
Company Secretary

ANNEXURE “A” TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

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
1	Latest audited Balance Sheet Date	31st March, 2015	31st March, 2015	Not available
2	Shares of Associates held by the company on the year end			
	No.	1,250,000	14,302	115,000
	Amount of Investment in Associates (Rs.)	12,500,000	20	1,150,000
	Extend of Holding %	46.87%	28.57%	23.00%
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
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.
5	(i) Networth attributable to Shareholding as per latest audited Balance Sheet as on 31/03/2015 (Rs.)	414,722,659	26,558,021	Not available
	(ii) Networth attributable to Shareholding as per unaudited Blancesheet as on 31/03/2016 (Rs.)	483,094,864	30,541,043	Not available
6	Unaudited Profit / Loss for the FY 2015-16 (Rs.)	153,113,515	13,940,576	Not available
	i. Considered in Consolidation (Rs.)	153,113,515	13,940,576	Not available
	ii. Not Considered in Consolidation (Rs.)	—	—	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 **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No. 117364W
Gaurav J. Shah
Partner
Membership No. 35701

New Delhi
24th May, 2016

A M Tiwari
Managing Director

V. D. Nanavaty
Sr. VP (Finance) & CFO

Gandhinagar
24th May, 2016

G R Aloria
Chairman

V. V. Vachhrajani
Company Secretary

[illegible]



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 **FIFTY FOURTH ANNUAL GENERAL MEETING** of the Company held at **Cultural Centre Auditorium** situate at its Registered Office at **Fertilizernagar, District Vadodara, at 3.00 p.m. on Saturday, the 17th September, 2016.**

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

FIFTY FOURTH ANNUAL GENERAL MEETING

Saturday, September 17, 2016 at 3.00 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 54th Annual General Meeting of the Company, to be held on Saturday, the 17th September, 2016 at 3.00 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, 2016 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, 2016.		
3.	Re-appointment of Shri Sujit Gulati, who retires by rotation and being eligible, offers himself for reappointment.		
4.	Ratification of appointment and remuneration of statutory auditors.		
Special Business			
5.	Ratification of Remuneration of Cost Auditors for the Financial Year 2016-17.		
6.	Appointment of Shri A. M. Tiwari as Managing Director and to approve terms and conditions thereof.		

Signed this _____ day of _____ 2016

Member's Folio/ DP ID- Client ID No. _____

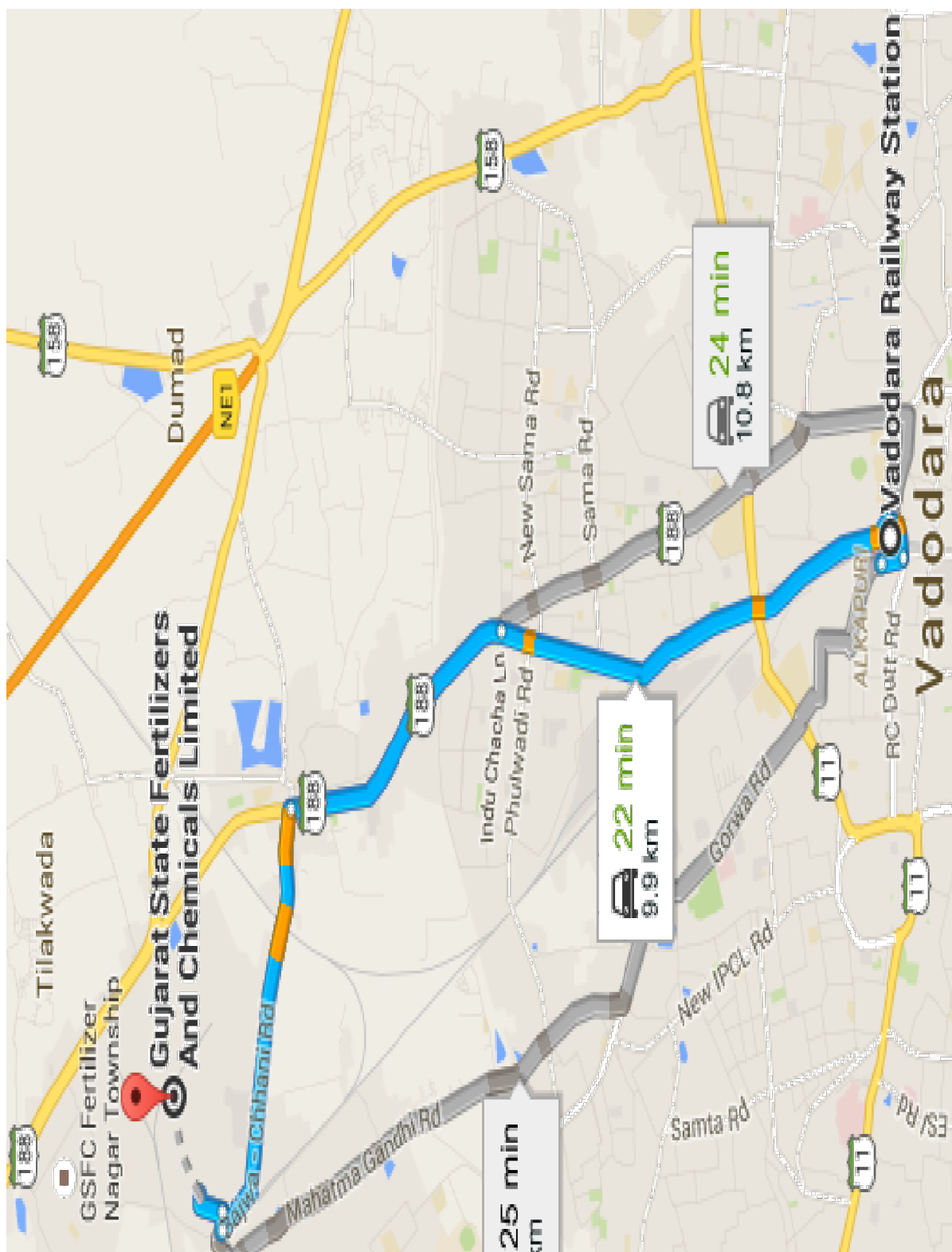
Signature of shareholder(s) _____

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 54th 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 54TH ANNUAL GENERAL MEETING



GSFC CSR ACTIVITIES

Caring Constantly

GSFC holds an exemplary record in supporting the communities that surround it. Right from the cause of the origin of the company, which was to improve the productivity of the farming communities, GSFC has sustained the practice of continuously involving with community development efforts. A dedicated CSR Cell is committed to various endeavours toward improving the overall quality of life around us. We keep on investing substantially for the betterment of the communities in India and abroad.

Our focus is on providing basic amenities essential for a decent living in the communities connected to our operational units. Eradicating hunger, poverty and malnutrition is high on our CSR priorities list. So are the promotion of preventive health care, sanitation and making drinking water available in rural households. GSFC's involvement in CSR is both comprehensive and farsighted. The establishment of the research driven centre of excellence, GSFC University, is just another example of that stellar vision.



GSFC UNIVERSITY



Incubating Innovators

GSFC University had been established with a vision to train and develop human capital, a commitment to change the attitude towards learning in India.

For the first time, a research driven university is being sponsored by an organization under CSR initiative. GSFC University follows the culture of openness and the philosophy of 'Buddhi Gyanen Shudhayanti', which means purification of mind and intellect through knowledge. GSFC University puts emphasis on the four Cs - Culture, Curriculum, Collaborations and Campus. The University comprises of two schools – the School of Technology and the School of Management. New areas like Economics, Applied Psychology and Political Science may be subsequently added to the curriculum.

GSFC R & D



Intuitive. Innovative.

Research and Development Centre, established in 1974 is spread in around 5000 sq. mts area. There are five core research segments with their lab and a pilot plant for scale up activities. It is recognized by Department of Scientific & Industrial Research, Government of India, and has successfully commercialized various products. There are 18 patents in Biotechnology, Polymers, and Organic Chemistry/Inorganic Chemistry to its credit.

More than 50 scientific papers are published in national and international journals. R&D has been awarded ICC award for excellence in Chemical Plant and Design and Engineering for HAS Crystals in 2014. R&D has continuously provided expertise for value addition of existing products and developed many new products in-house in the field of Polymers, Organic Inorganic and Analytical, Biotechnology, Metallurgy & Corrosion, Process Development and Realization at Pilot Plant level. Several products have been successfully commercialized and have contributed to growth of GSFC.



GSFC AGROTECH LIMITED

Next Big Leap in Agri-Business

GSFC Agrotech Limited (GATL) a wholly owned subsidiary of GSFC Limited was established in July 2013. It has been established to provide better services to the farming community and evolution of Agri Business in India. Production of Sardar Liquid Biofertilizers, plant protein based Plant Growth Promoters viz. Sardar Amin Granules & Liquid and Tissue Culture Plants are carried out through GATL. Also, GATL Markets certified seeds of notified hybrids & varieties having excellent pest resistance and disease-free Banana Tissue Culture Plants. On the anvil is the production and marketing of Bentonite Sulphur, to enhance quality and productivity of oilseed crops.

SIX PRECEPTS OF GSFC

Leading the Way

An immaculate integrity and compassion toward employees has defined the character of GSFC for the past half-century. More than 3500 employees work like one, driven by the core values of the company. GSFC's way to stay ahead has been well marked by our beacons, our principles. Innovation, excellence, business environment care, and commitment to social responsibility illuminate our growth avenues and lead to unbroken trust and utmost satisfaction to our customers and stakeholders.



SIX PRECEPTS OF GSFC

Honour all commitments with
integrity and discipline



Make sure customer comes first, always



Efficient production through
research and innovation



Collaborative teamwork to
achieve a common goal



Build partnership on a foundation of
trust and transparency

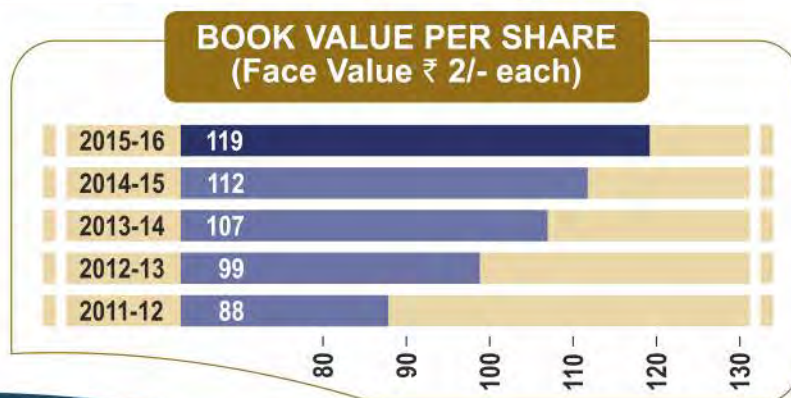
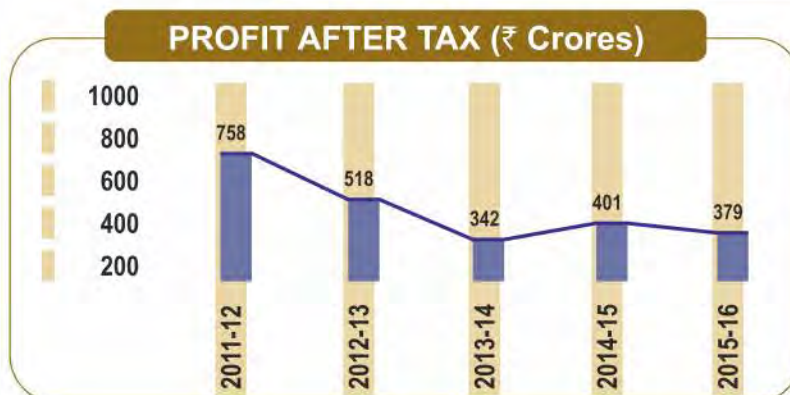
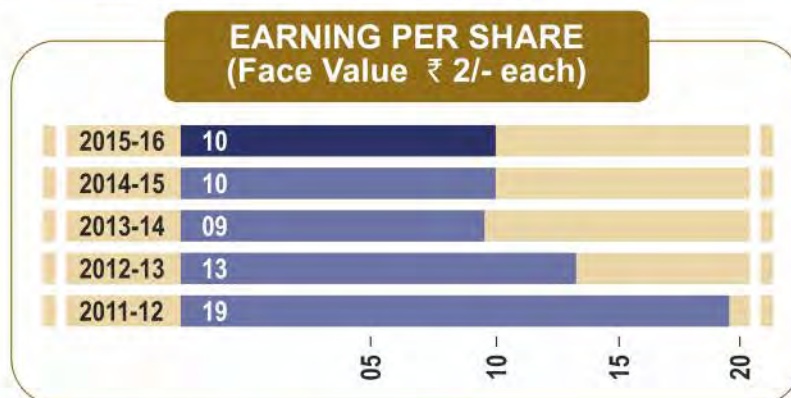
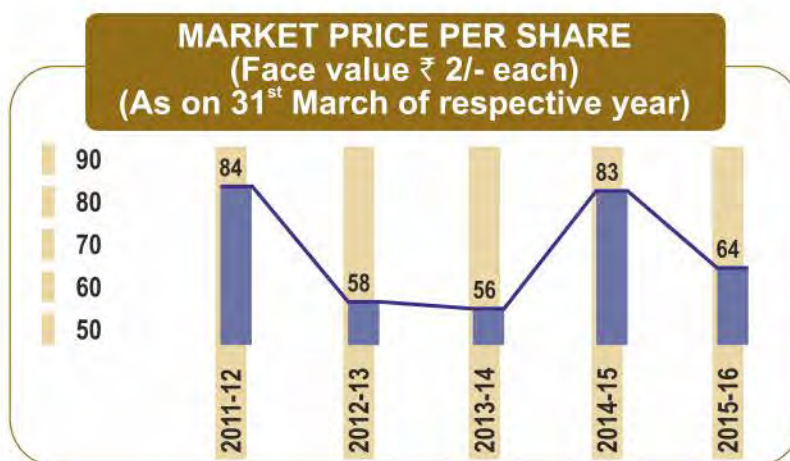


Go the extra mile for a
cleaner and greener future



GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

PERFORMANCE HIGHLIGHTS



By Courier / Registered Post

To



GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

CIN : L99999GJ1962PLC001121

Fertilizernagar - 391 750, Vadodara, Gujarat, India.

www.gsfclimited.com