Let us grow together

Rashtriya Chemicals and Fertilizers Limited

(A Government of India Undertaking)

41st ANNUAL REPORT 2018-19

Shri Narendra Modi, Hon'ble Prime Minister of India, launched the "Commencement of Work" of Coal Gasification based Fertilizer Plant of Talcher Fertilizers Limited , A joint Venture of RCF, GAIL, CIL and FCIL at Talcher, Odisha on 22nd September 2018.

Shri D. V. Sadananda Gowda, Union Minister of Statistics & Program Implementation & Chemicals and Fertilizers visited RCF Thal for dedication of GTG Project to the Nation.

BOARD OF DIRECTORS

WHOLE-TIME DIRECTORS

Shri Umesh V. Dhatrak
Chairman & Managing Director

Shri Sudhir D. Panadare
Director (Technical)

Shri Umesh Dongre
Director (Finance)

Shri K. U. Thankachen
Director (Marketing)
From 11.12.2018

GOVERNMENT NOMINEE DIRECTORS

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

Ms Gurveen Sidhu, IA & AS
Jt. Secretary, Dept. of Fertilizers, New Delhi

INDEPENDENT DIRECTORS

Shri Harin Pathak
upto 09.06.2019

Shri G. M. Inamdar
upto 09.06.2019

Shri Suryanarayana Simhadri

Prof. Anil Kumar Singh
from 07.03.2019

Dr. Shambhu Kumar
from 07.03.2019

COMPANY SECRETARY

Shri J. B. Sharma

Letter from the Chairman

Dear Shareholders,

I take great pride in sharing the performance of your Company during the year 2018-19 and the road ahead. Your Company has time and again proved that no challenge is greater than their dedication and commitment which brings the Company to greater heights with every passage of time. Though there were external challenges like adverse agro-climatic conditions, increased input costs, cheap imports etc., the actual sales of our products manufactured at the units have gone up over previous year along with profit after tax. Simultaneously, your Company has incessantly continued its efforts in reducing costs by improvising on efficiencies.

The frame of reference in which your Company operates i.e. the state of economy in general and fertilizer industry in particular, during 2018-19, is briefly outlined for better understanding of the performance of your Company.

Overview of the Economy

India is expected to be the third largest consumer economy as its consumption may triple to US$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report and is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040, according to a report by PricewaterhouseCoopers.

Overview of the Fertilizer Industry

The fertilizers sales for industry as a whole had witnessed subdued growth by almost 9.06% during the financial year 2018-19. With overall consumption rising, the decline in domestic sales was made up with higher Urea imports which rose to 25% in the financial year 2018-19. NPK and DAP sales increased by 7% and 5.27 % respectively as compared to the previous year. MOP sales increased substantially by 41.65 % as compared to the previous year. Imports of Urea, DAP & NPKs increased by 21.33%, 38.29% and 24.97% respectively during the year 2018-19 as compared to the previous year. On the other hand, imports of MOP witnessed sharp decline of 15.87 %.

Rabi sowing was down by 1.9% year to year in the current season for financial year 2019 driven by lower sowing in states like Maharashtra, Karnataka, Andhra Pradesh and Gujarat. These states had witnessed deficient rainfall during the Kharif season and low reservoir levels in the Rabi season. The sowing levels for rice witnessed a remarkable uptick towards the end of Rabi season with increased sowing reported from Bihar and West Bengal, while all other major crops witnessed a decline in sowing during the current Rabi season.

Corporate Overview of the Company

During the year, your Company achieved Revenue from Operations of ₹8885.47 Crore as against ₹7281.96 Crore in previous year (PY). Profit Before Tax (PBT) during the year, stood at ₹235.25 Crore as against ₹128.22 Crore mainly on account of Higher sales & margins of Complex Fertilizers, Industrial and traded products. Profit After Tax (PAT) stood at ₹139.17 Crore as against ₹78.80 Crore. Net Income of ₹ 23.44 Crore towards value of Development Right Certificates received/ receivable towards surrender of land during current year and downward revaluation of Development Right Certificate received / receivable in previous year, has been reported as exceptional item.

Your Company achieved sales volume of 30.49 lakh MT during 2018-19 as compared to 30.65 lakh MT during the previous year. The total sale of manufactured fertilizers during 2018-19 was 29.15 lakh MT as against 29.82 lakh MT during the previous year. Sales of manufactured fertilizers registered reduction of 2.21 % over previous year owing to lower production of Urea due to planned shutdowns for hooking up various energy saving schemes.

Your Company produced 29.36 lakh MT of fertilizers (23.75 lakh MT of Urea & 5.61 lakh MT of Suphala 15:15:15) during the year as against 29.80 lakh MT of fertilizers (25.02 lakh MT of Urea & 4.78 lakh MT of Suphala15:15:15) produced during the previous year.

Projects

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

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

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

I am delighted to present the Annual Report for the year 2018-19 and hope to see you on 24th September, 2019 at the 41st Annual General Meeting of the Company.

Going forward

GoI approved a ₹ 10,000 Crore Special Banking Arrangement for the fertiliser sector for meeting the subsidy requirement for FY 2019. The GoI will bear the interest costs up to 7.72% p.a. and 0.48% p.a. to be borne by the respective fertiliser companies. The Special Banking Arrangement helps in reducing the interest outgo for a short period of time and is paid out by GoI within 60 days of disbursement using the proceeds from the next fiscal's subsidy budget. Thus, it essentially remains a stop gap arrangement and does not resolve the issue of the subsidy backlog for the industry.

The domestic gas price is expected to rise for financial year 2020 given the increase in the international gas prices in the recent months, to which the domestic gas price is benchmarked. Though domestic gas price is expected to rise, the R-LNG prices have softened to a large extent and are expected to moderate further in the near term. Imported R-LNG prices had been on an uptrend driven by strong Chinese demand as the country partly replaced coal with natural gas as a key source of energy to combat pollution. However, as we move forward, R-LNG prices are expected to moderate given the forecast of a warmer winter in northern hemisphere, falling crude oil prices and high LNG storage levels in Japan, China and South Korea.

An analysis of the financial performance of the companies indicates an increase in the operating profit primarily driven by the chemical segment which offset the weak profitability from the fertiliser segment. The fertiliser segment witnessed softening of the profitability owing to rising raw material prices and currency depreciation. Chemical segment witnessed tailwinds from currency depreciation and healthy demand leading to improved contribution from the chemical segment.

Performance of Urea players is expected to remain stable in the upcoming year, with pooled price expected to moderate given the steep fall in the R-LNG prices which should offset the expected increase in the domestic gas price for H1 FY 2020. The performance of P&K players has been impacted by the rising raw material prices and currency depreciation in FY 2019. However, as the year comes to close, the currency has cooled off to a certain extent while raw material prices have also stabilized.

Acknowledgement

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

Thank you, ladies and gentlemen.

Umesh V. Dhatrak
Chairman & Managing Director

Mumbai

Dated : 12th August, 2019

Shri U. V. Dhatrak, CMD RCF along with other Directors of RCF receives the "31st CFBP – Jamanalal Bajaj Uchit Vyavahar Puraskar for Fair Business Practices" at the hands of Shri Uday Kotak, MD and CEO Kotak Mahindra Bank.

RCF bags First Prize in the Best Activity Report Award during the 28th Western Regional Meet of Forum of Women in Public Sector (WIPS) which was conducted on 10th December, 2018 in Bhopal, MP.

CONTENTS

MISSION STATEMENT

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

VISION STATEMENT

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

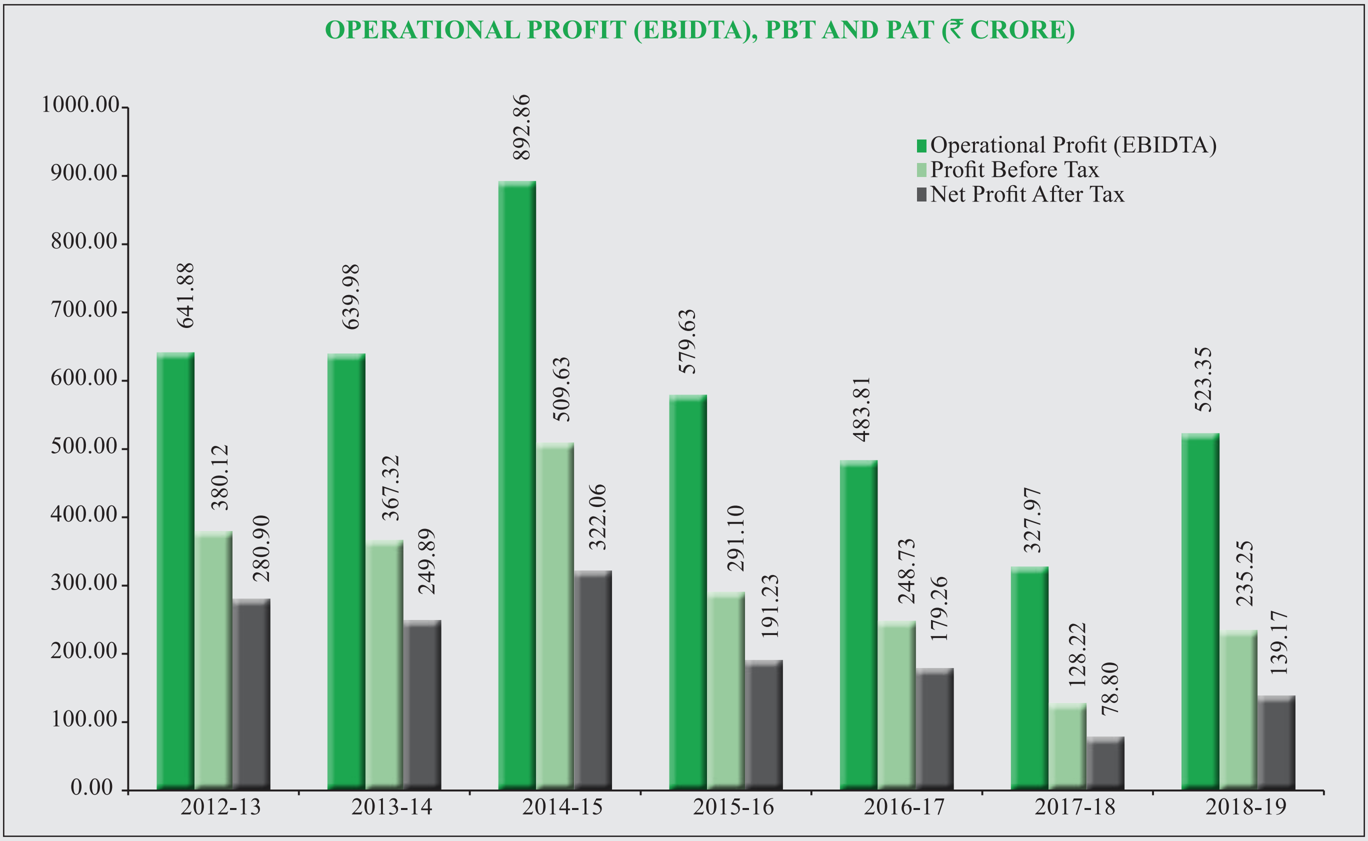
VALUE STATEMENT

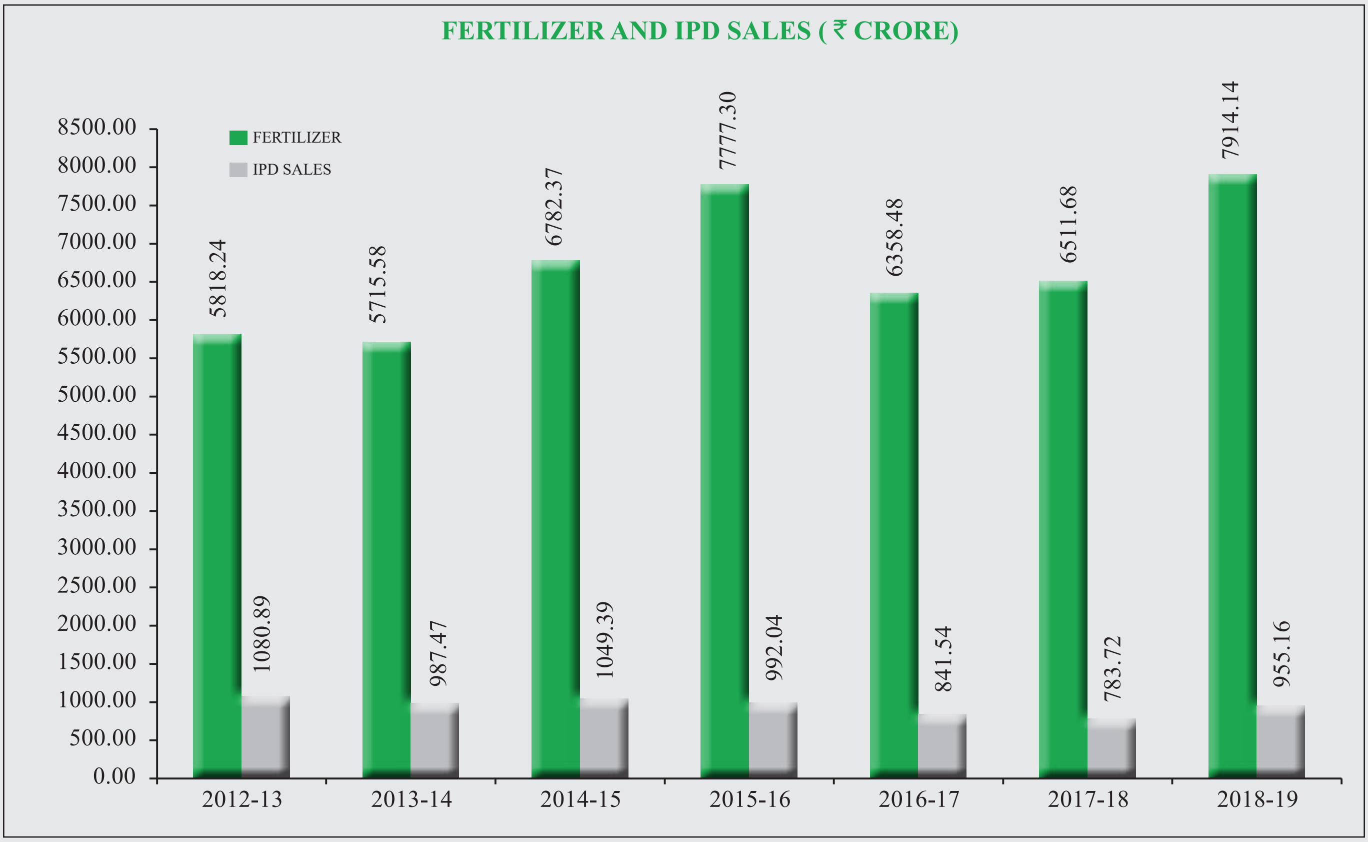
"RCF shall deal in all aspects of Business with integrity, honesty, transparency and with utmost respect to the stakeholders, by honouring our commitments, providing results and striving for highest quality."

FINANCIAL HIGHLIGHTS AT A GLANCE

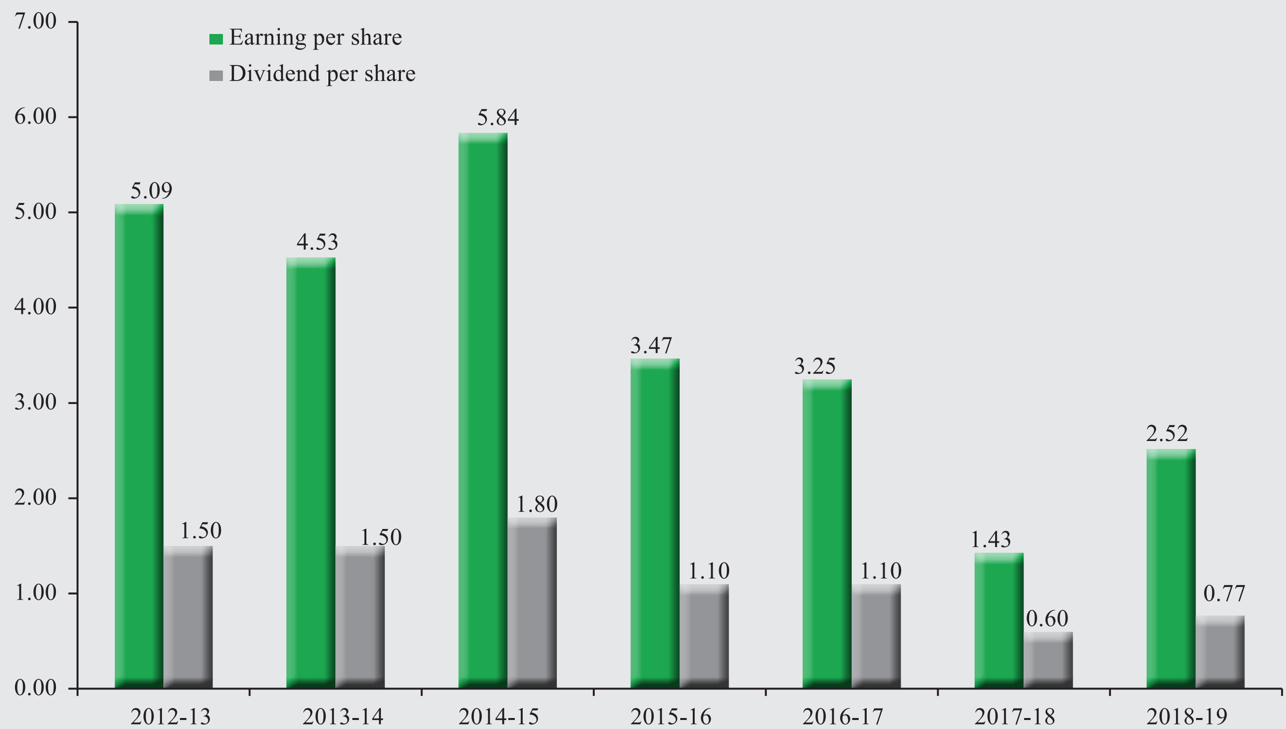
₹ in crore

Sl. NO.	PARTICULARS	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
		As per IND AS			As per revised Schedule VI											
1	**GrossTurnover (Gross Sales+ Subsidy + Other Income)**	**9119.54**	**7523.42**	**7456.21**	**9019.82**	**8063.22**	**6889.28**	**7131.65**	**6698.94**	**5671.60**	**5826.25**	**8538.43**	**5325.06**	**3644.60**	**3187.80**	**2895.90**
2	**Revenue From Operations (Net)**	**8885.47**	**7318.63**	**7223.17**	**8649.43**	**7713.45**	**6587.60**	**6894.49**	**6433.71**	**5507.11**	**5642.11**	**8365.98**	**5140.27**	**3487.99**	**3046.83**	**2774.32**
3	**Profit before Interest, Depreciation and Tax (EBIDTA)**	**523.35**	**327.97**	**483.81**	**579.63**	**892.86**	**639.98**	**641.88**	**567.82**	**533.19**	**490.38**	**523.01**	**391.24**	**365.72**	**300.59**	**316.99**
4	Depreciation	155.69	137.04	141.10	145.13	258.12	141.75	173.15	142.44	112.62	75.60	86.58	86.96	75.42	68.53	96.71
5	Finance Cost	155.85	62.59	93.98	142.32	116.95	131.29	88.25	49.33	66.10	70.55	110.72	66.25	48.77	17.00	8.10
6	Prior year Adj. - Expenses / (Income)	0.00	0.00	0.00	1.08	8.16	(0.38)	0.36	1.59	(0.22)	0.02	0.01	(4.04)	0.07	(0.61)	(0.41)
7	Exceptinal Items	(23.44)	0.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	***Profit / (Loss) Before Tax***	***235.25***	***128.22***	***248.73***	***291.10***	***509.63***	***367.32***	***380.12***	***374.46***	***354.69***	***344.21***	***325.70***	***242.07***	***241.46***	***215.67***	***212.59***
9	Tax Provision (Net of Adj.)	96.08	49.42	69.47	99.87	187.57	117.43	99.22	125.22	109.57	109.34	114.12	83.92	92.72	67.71	71.63
10	***Profit / (Loss) After Tax***	***139.17***	***78.80***	***179.26***	***191.23***	***322.06***	***249.89***	***280.90***	***249.24***	***245.12***	***234.87***	**211.58**	**158.15**	**148.74**	**147.96**	**140.96**
11	Dividend Declared															
	Rate %	**7.70**	**6.00**	**11.00**	**11.00**	**18.00**	**15.00**	**15.00**	14.00	11.00	11.00	12.00	10.00	10.00	10.00	17.00
	Amount :	**51.21**	**39.91**	**73.04**	**73.04**	**119.52**	**96.79**	**96.81**	89.77	70.53	70.77	77.45	64.55	64.55	62.91	107.02
	Dividend Payout Ratio %	36.80	50.64	40.75	38.19	37.11	38.73	34.46	36.02	28.77	30.13	36.61	40.82	43.39	42.52	75.92
12	Working Capital	1605.84	1544.05	1607.38	1465.03	1695.06	1378.73	1199.67	1116.04	1036.33	1933.66	1896.01	1418.44	1434.06	884.39	849.81
13	Capital Employed	3853.36	3454.05	3148.97	2961.59	3196.10	2998.40	2616.38	2513.19	1831.12	3176.37	2973.17	2472.58	2449.97	1756.80	1738.87
14	Net Worth	3034.70	2929.69	2925.02	2829.12	2710.93	2508.39	2355.29	2171.20	2011.73	1837.14	1672.42	1537.38	1447.30	1361.50	1271.42
15	***RATIOS***															
	Current Ratio [CA : 1]	1.34	1.64	1.56	1.35	1.62	1.58	1.42	1.40	1.85	2.25	1.93	2.63	3.28	2.29	2.78
	Debt Equity Ratio [Debts : 1]	0.19	0.14	0.08	0.14	0.16	0.16	0.11	0.15	0.11	0.72	0.85	0.81	0.66	0.32	0.29
	EBIDTA to capital employed %	13.58	9.50	15.36	19.57	27.94	21.34	24.53	22.59	29.12	13.84	17.59	15.82	14.93	16.19	17.48
	PBT to Capital Employed %	6.11	3.71	7.90	9.83	15.95	12.25	14.53	14.90	19.37	10.84	10.95	9.79	9.86	12.28	12.17
	PAT to Capital Employed %	3.61	2.28	5.69	6.46	10.08	8.33	10.74	9.92	13.39	7.39	7.12	6.40	6.07	8.42	8.11
	PBT to Net Worth %	7.75	4.38	8.50	10.29	18.80	14.64	16.14	17.25	17.63	18.74	19.47	15.75	16.68	15.84	16.72
	PAT to Net Worth %	4.59	2.69	6.13	6.76	11.88	9.96	11.93	11.48	12.18	12.78	12.65	10.29	10.28	10.87	11.09
	PAT to Equity %	25.23	14.28	32.49	34.66	58.38	45.30	50.92	45.18	44.43	42.57	38.35	28.67	26.96	26.82	25.55
	PBT to Gross Turnover %	2.58	1.70	3.34	3.23	6.32	5.33	5.33	5.59	6.25	5.91	3.81	4.55	6.63	6.77	7.34
	PAT to Gross Tounover %	1.53	1.05	2.40	2.12	3.99	3.63	3.94	3.72	4.32	4.03	2.48	2.97	4.08	4.64	4.87
	Earning per share Before Tax (Rs.)	4.26	2.32	4.51	5.28	9.24	6.66	6.89	6.79	6.43	6.24	5.90	4.39	4.38	3.91	3.85
	Earning per share After Tax (Rs.)	2.52	1.43	3.25	3.47	5.84	4.53	5.09	4.52	4.44	4.26	3.84	2.87	2.70	2.68	2.56
	EBIDTA to Turnover %	5.74	4.36	6.49	6.43	11.07	9.29	9.00	8.48	9.40	8.42	6.13	7.35	10.03	9.43	10.95
	Interest Coverage ratio	2.36	3.05	3.65	3.05	5.36	3.80	5.31	8.59	6.37	5.88	3.94	4.65	5.95	13.69	27.25

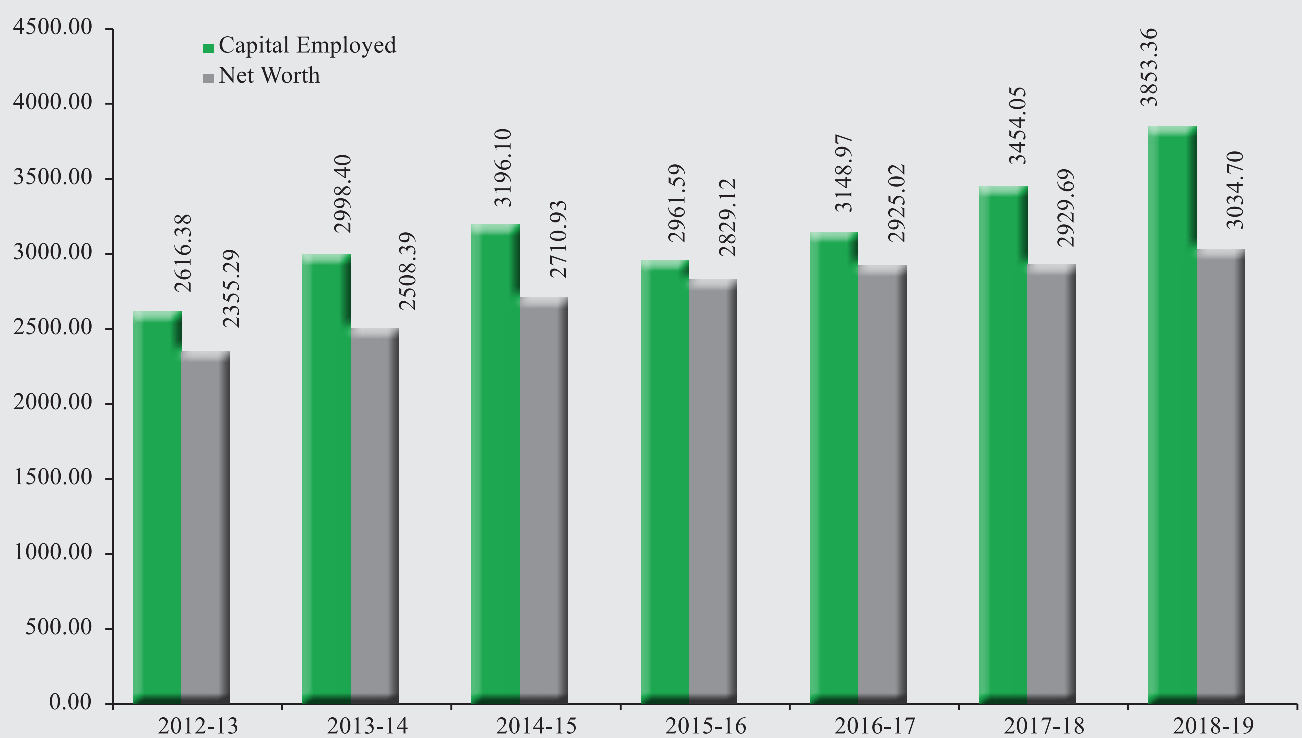

OPERATIONAL PROFIT (EBIDTA), PBT AND PAT (₹ CRORE)
Operational Profit (EBIDTA)
Profit Before Tax
Net Profit After Tax
1000.00
900.00
800.00
700.00
600.00
500.00
400.00
300.00
200.00
100.00
0.00
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
641.88
380.12
280.90
639.98
367.32
249.89
892.86
509.63
322.06
579.63
291.10
191.23
483.81
248.73
179.26
327.97
128.22
78.80
523.35
235.25
139.17


FERTILIZER AND IPD SALES (₹ CRORE)
FERTILIZER
IPD SALES
8500.00
8000.00
7500.00
7000.00
6500.00
6000.00
5500.00
5000.00
4500.00
4000.00
3500.00
3000.00
2500.00
2000.00
1500.00
1000.00
500.00
0.00
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
5818.24
1080.89
5715.58
987.47
6782.37
1049.39
7777.30
992.04
6358.48
841.54
6511.68
783.72
7914.14
955.16

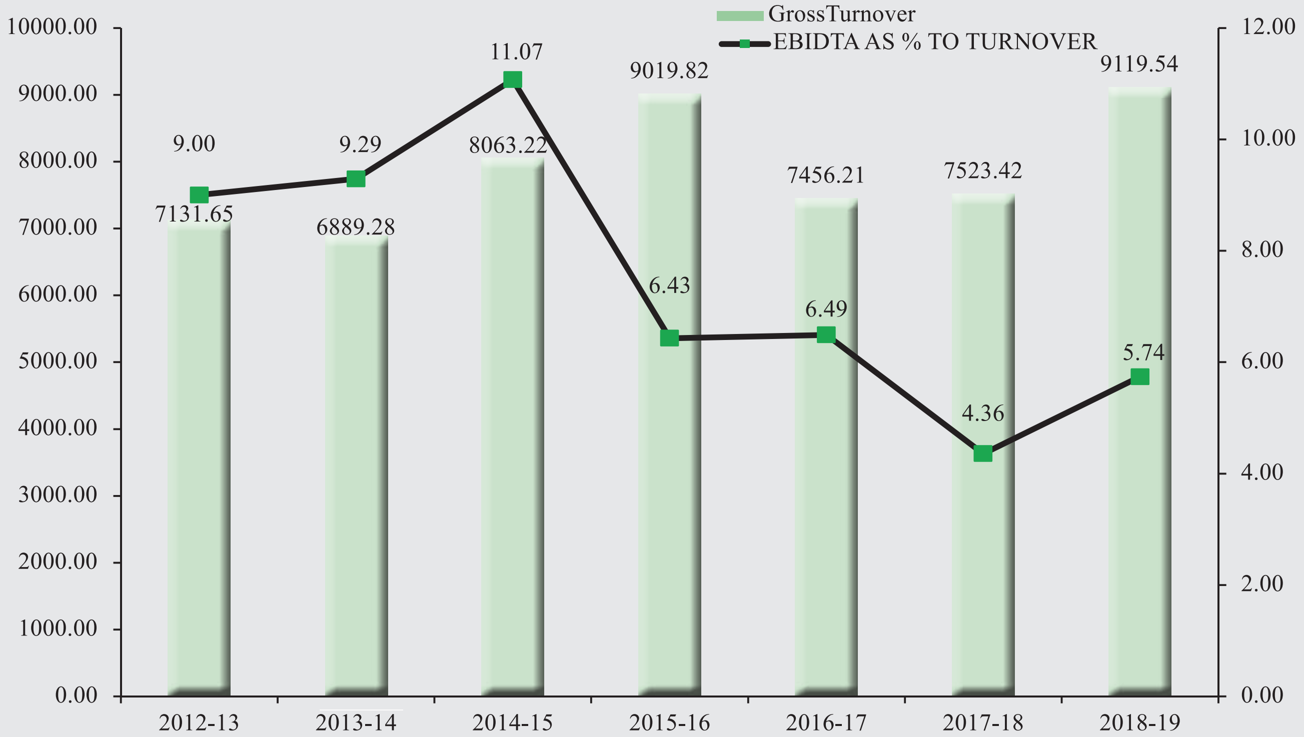
EARNINGS & DIVIDEND PER SHARE (₹)



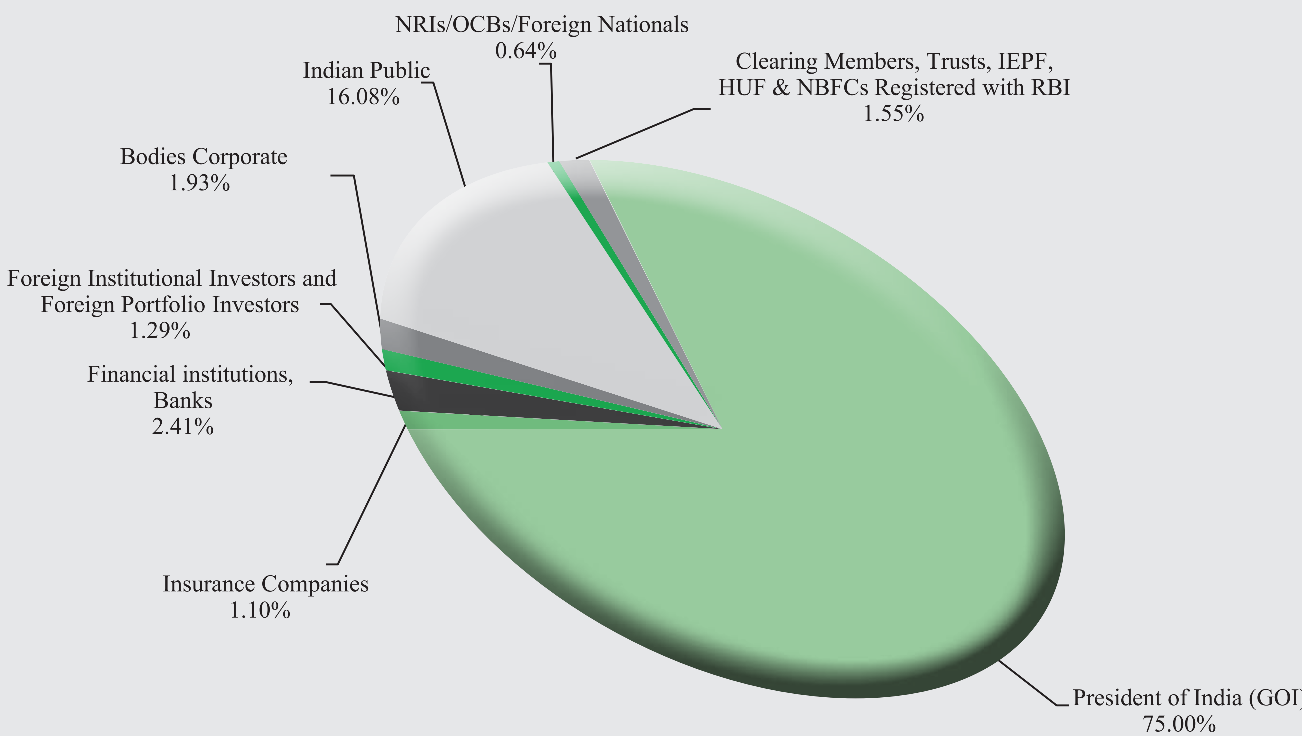
CAPITAL EMPLOYED & NET WORTH (₹ CRORE)



EBIDTA AS % TO TURNOVER



SHAREHOLDING PATTERN AS ON 31.03.2019



SENIOR MANAGEMENT TEAM AS ON 01.08.2019

Employee Name	Designation
Sameer S. Rastogi	Chief Vigilance Officer
Saifuddin K. Fidvi	Executive Director (IT/QC/HRD/GEO)
Arun V. Nawade	Executive Director (HR & CSO)
V. P. Sreekrishnan	Executive Director (Trombay)
Rajendra P. Paradkar	Executive Director (P & PD)
Milind M. Deo	Executive Director (Operation)
Satish B. Pawar	Executive Director (Trombay Projects)
Nuhu H. Kurane	Executive Director (Marketing)
Nazhat J. Shaikh	Executive Director (Finance)
Abhay V. Lonkar	Chief General Manager (Utility & Project)Thal
Vivek S. Fadnis	Chief General Manager (Operation) Thal
Milind W. Meshram	Chief General Manager (IPD)
Hemant R. Kulkarni	Chief General Manager (HR/Admin)Thal
Suhas S. Shelar	General Manager (Marketing)
Purnachandra Patnaik	General Manager (HSE)- Corp.
Santosh V. Gawade	General Manager (Talcher Proj.)TFL
Robindro R. Singh	General Manager (CC / CSR)
Siddharth B. Potpose	General Manager (HR & Administration)
Prakash G. Pawar	General Manager (Vigilance)
Joseph Anne	General Manager (Commercial)
Anil G. Mathur	General Manager (Complex)
Vinod Kumar Agrawal	General Manager (B & MH)
Anil U. Awalkar	General Manager (Materials)
Anil P. Dandekar	General Manager (Finance)
Vineeta Bharat Rao	General Manager (Medical)
Tushar M. Bhagwat	General Manager (N) Thal
Rajkumar R. Kulkarni	General Manager (Talcher Proj.)
Ajay Patil	General Manager (Corporate)

Bankers	State Bank of India Swastik Chamber Chembur, Mumbai.
Statutory Auditors	M/s Kalyaniwalla & Mistry LLP, Mumbai M/s Chhajed & Doshi, Mumbai
Cost Auditors	Shri Rohit J. Vora, Mumbai.
Solicitor	M/s M.S. Bodhanwalla & Co., Mumbai.

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

RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

CIN: L24110MH1978GOI020185

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

Phone: 022-24045024/ Fax:022 24045022 Email Id: investorcommunications@rcfltd.com / Website: www.rcfltd.com

NOTICE

41st ANNUAL GENERAL MEETING

NOTICE is hereby given that the 41st Annual General Meeting of the Members of RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED will be held on Tuesday, the 24th September, 2019 at 3.00 p.m. at "Sivaswamy Auditorium", The Fine Arts Society, Fine Arts Chowk, RC Marg, Chembur, Mumbai 400 071 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) of the Company for the financial year ended 31st March, 2019, including Profit & Loss Statement for the year ended 31st March, 2019 and Balance Sheet as at that date together with the Reports of Directors and Independent Statutory Auditors and comments thereon of the Comptroller and Auditor General of India

2. To declare dividend on equity share capital for the financial year 2018-19.

3. To appoint a Director in place of Shri Sudhir D. Panadare (DIN: 07933191), who retires by rotation and being eligible, offers himself for reappointment.

4. To appoint a Director in place of Shri Umesh Dongre (DIN: 08039073), who retires by rotation and being eligible, offers himself for reappointment.

5. To fix the remuneration of Statutory Auditors for the Financial Year 2019-20 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to Section 142 and other applicable provisions, if any, of the Companies Act, 2013, approval of the Company be and is hereby accorded to the Board of Directors to fix the remuneration, as may be reasonable and expedient, of the Statutory Auditors appointed by the Comptroller and Auditor General of India for conducting the Audit of the accounts of the Company for the financial year 2019-20."

SPECIAL BUSINESS:

6. To appoint Shri K. U. Thankachen, as Director (Marketing) of the Company.

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

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and 161 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and basis the recommendation of Nomination & Remuneration Committee, Shri K. U. Thankachen (DIN: 06946476), who was appointed by the Board of Directors as an Additional Director and Director (Marketing) of the Company w.e.f. 11th December, 2018 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as the Director (Marketing) of the Company liable to retire by rotation on terms and conditions as determined by the Government of India, in the scale of ₹1,80,000 – ₹3,40,000/- plus perquisite as applicable to the grade, for a period of five years from the date of his assumption of charge of the post or till the date of his superannuation or until further orders, whichever is earliest."

7. To appoint Prof. Anil Kumar Singh, as an Independent Director of the Company.

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

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 160 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re- enactment thereof for the time being in force) Prof. Anil Kumar Singh (DIN: 08382601), who was appointed as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting of the Company, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of three years w.e.f. 7th March, 2019, or until further orders, whichever is earlier, in terms of letter no. No.78/2/2006-HR-I dated 20th February, 2019 issued from Ministry of Chemicals & Fertilizers. He shall not be liable to retire by rotation."

8. To appoint Dr. Shambhu Kumar, as an Independent Director of the Company.

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

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 160 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re- enactment thereof for the time being in force) Dr. Shambhu Kumar (DIN: 07368172), who was appointed as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting of the Company, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of three years w.e.f. 7th March, 2019, or until further orders, whichever is earlier, in terms of letter no. No.78/2/2006-HR-I dated 20th February, 2019 issued from Ministry of Chemicals & Fertilizers . He shall not be liable to retire by rotation."

9. Approval of Cost Auditor's remuneration

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

   "**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re- enactment thereof for the time being in force) the remuneration payable to M/s. K. G. Goyal & Associates, Cost Accountants (Firm Registration No. 00024), Jaipur, appointed by the Board of Directors as Cost Auditors to conduct the audit of the Cost records of the Company for the financial year ending 31st March, 2020, amounting to ₹2,00,000/- excluding applicable taxes be and is hereby ratified and confirmed.

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

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

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

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

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

By order of the Board of Directors

(J. B. Sharma)
Company Secretary

Date: 12th August, 2019
Place: Mumbai

Notes:

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting. A person can act as a proxy on behalf of members not exceeding fifty numbers and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

3. Register of Members and Share Transfer books will be closed from Wednesday, the 18th September, 2019 to Tuesday, the 24th September, 2019 [both days inclusive].

   The dividend, if declared at the AGM, will be paid on or after Tuesday, the 24th September, 2019 to those persons;

   (a) whose names appear as beneficial owners as at the end of the business hours on Tuesday, the 17th September, 2019 in the list of beneficial owners to be furnished by the National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") in respect of the shares held in electronic forms; and

   (b) As members in the Register of Members of the Company as on 17th September, 2019 in respect of shares held in physical form.

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

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

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

7. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2010-11, from time to time on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to

the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 26th September, 2018 (date of last Annual General Meeting) on the website of the Company (www.rcfltd.com), as also on the website of the Ministry of Corporate Affairs.

During the year 2019-20, the Company would be transferring unclaimed dividend amount for the financial year ended 31st March, 2012 on or before 5th November, 2019 to IEPF.

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

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

Claim from IEPF Authority

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

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

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

10. Electronic copy of the 41st Annual Report for 2019, indicating process and manner of e-voting along with attendance slip and proxy form, is being sent to all members whose email ids are registered with the Company/depository participant(s) for communication purpose unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2019, indicating process and manner of e-voting along with attendance slip and proxy form, are being sent in the permitted mode.

11. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communications including Annual Report, Notices, Circular, etc., from the Company in electronic mode.

12. **Nomination Facility**

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

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

14. Members may also note that the 41st Annual Report for 2018-19 will also be available on the Company's website www.rcfltd.com for their download. The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days. For any communication, the members may also send requests to the Company's designated email id: www.investorcommunications@rcfltd.com.

15. Members holding shares in electronic form are requested to submit the PAN and Bank Account details to their Depository Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form are required to submit their PAN and Bank Account details to the Company's Registrar and Share Transfer Agents.

16. To support the 'Green Initiative', the members who have not registered their e-mail addresses are requested to register the same with Registrars/ Depository Participant(s). Electronic copy of the Annual Report for Financial Year 2018-19 is being sent to all the members whose email IDs are registered with the Company/depository participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for FY 2018-19 are being sent in the permitted mode.

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

18. Brief profile and other required information about the Directors proposed to be appointed/re-appointed, as required under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India as approved by the Central Government, is enclosed to this Notice.

19. A route map showing directions to reach the venue of the 41st AGM is given along with this Annual Report as per the requirement of the Secretarial Standards 2 on General Meetings.

20. Voting through electronic means

    I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 41st Annual General Meeting (AGM) by electronic means. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM) ("remote e-voting") will be provided by Central Depository Services (India) Limited (CDSL).

II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

III. The voting rights of the Members shall be in proportion to their shares in the paid-up share capital of the Company as on the cut-off date, being Tuesday, the 17th September, 2019.

IV. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of AGM Notice and holding shares as of the cut-off date, i.e Tuesday, the 17th September, 2019 may refer to this Notice of the 41st Annual General Meeting of the Company, posted on Company's website www.rcfltd.com for detailed procedure with regard to remote e-Voting. The Notice shall also be available at www.evotingindia.com

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

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

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

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

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

(i) The e-voting period commences on Friday, the 20th September, 2019 (9.00 a.m. IST) and ends on Monday, the 23rd September, 2019 (5.00 p.m. IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Tuesday, the 17th September, 2019, may cast their vote by remote e-voting. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

(ii) The Shareholders who have cast their vote by remote e-voting prior to the AGM, may also attend the AGM, but shall not be entitled to cast their vote again.

(iii) The shareholders should log on to the e-voting website www.evotingindia.com

(iv) Click on Shareholders / Members

(v) Now Enter your User ID

a. For CDSL: 16 digit beneficiary ID;

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

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

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

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

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

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

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

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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

(xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

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

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

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

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

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

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

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details, a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

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

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

Item No.6

Shri K. U. Thankachen, who has been appointed by President of India as Director (Marketing) on the Board of the Company w.e.f. 11th December, 2018, pursuant to Section 161(1) of the Companies Act, 2013 read with Article 81(4) of Articles of Association of the Company, will hold the office till the date of 41st Annual General Meeting.

Shri Thankachen is MBA with specialisation in Marketing from Department of Commerce & Management Studies, University of Calicut in the year 1986. Shri Thankachen is a seasoned professional in the field of logistics and warehousing with over 30 years of experience. He started his career with Airports Authority of India in the year 1987 and joined Container Corporation of India Ltd. in the year 1995. He has held various important positions in Marketing, Commercial and Operations functions within CONCOR. He was posted as Chief General Manager, Central Region of CONCOR at Nagpur having jurisdiction of 5 terminals at Nagpur, Bhusawal, Aurangabad, Raipur and Mandideep from September, 2010 to April, 2012. Thereafter, he was posted as head of the largest Inland Container Depot in Asia at Tughlakabad, New Delhi from April, 2012 to September, 2013.

Prior to joining Director (Marketing), Shri Thankachen was Managing Director of Central Railside Warehouse Company Limited. He attended a one year international management programme organised by International Centre for Promotion of Enterprises, Ljubljana, Slovenia.

Nomination and Remuneration Committee has recommended the appointment of Shri K. U. Thankachen as Director (Marketing) for a period of five years from the date of his assumption of charge of the post or till the date of his superannuation or until further orders, whichever is earliest.

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

Pursuant to the provisions of Section 161(1) of the Act, Shri K. U. Thankachen shall hold office up to the date of this Annual General Meeting and is eligible to be appointed as Director. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from Member(s), proposing his candidature for the office of Director.

Shri Thankachen does not hold any shares in the Company by himself or for any other person on beneficial basis.

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

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

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

Item No.7

Prof. Anil Kumar Singh who has been appointed by President of India as an Independent Director on the Board of the Company w.e.f. 7th March, 2019, pursuant to Section 161(1) of the Companies Act, 2013 read with Article 81(4) of Articles of Association of the Company, will hold the office till the date of 41st Annual General Meeting.

Prof. Anil Kumar Singh (Ph.D. IIT Kanpur, 1978) has been associated with IIT Bombay since January 1983 in various capacities. He has also served in administrative capacity in other higher education and research institutions in India like Director of Regional Research Laboratory (CSIR) Jorhat and Vice-Chancellor of Bundelkhand University and University of Allahabad. With teaching/research/administrative career spanning over more than three and half decades, Professor Singh embodies wealth of expertise and experience of research in chemical and allied sciences, and academic administration. His research interests broadly span the areas of organic chemistry, bioorganic chemistry, photochemistry and photobiology.

Prof. Singh has participated in drawing-up and developing academic policies and programmes of education and research, and expansion of collaborations of IIT Bombay both in India and abroad. He has also been associated in multiple capacities with several other national and international educational institutions and R&D organizations, science academies and societies, administrative and policy making bodies, to drive organizational excellence, and development and advancement of higher education and research in science and technology.

Prof. Singh's academic and research endeavours are duly recognized by educational and research organizations, government and corporate bodies, science academics and professional scientific societies by awards and honours.

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

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

In the opinion of the Board, Prof. Anil Kumar Singh fulfills the conditions for his appointment as an Independent Director as specified in the Act.

Pursuant to the provisions of Section 161(1) of the Act, Prof Anil Kumar Singh shall hold office up to the date of this Annual General Meeting and is eligible to be appointed as an Independent Director. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from Member(s), proposing his candidature for the office of Independent Director.

Prof. Anil Kumar Singh does not hold any shares in the Company by himself or for any other person on beneficial basis.

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

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

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

Item No.8

Dr. Shambhu Kumar who has been appointed by President of India as an Independent Director on the Board of the Company w.e.f. 7th March, 2019, pursuant to Section 161(1) of the Companies Act, 2013 read with Article 81(4) of Articles of Association of the Company, will hold the office till the date of 41st Annual General Meeting.

Dr. Shambhu Kumar is Bachelor of Arts from HP University Shimla and completed Ph. D from Jamia Millia Islamia University, New Delhi. He has vast experience in Indian Government development programme such as Bihar Rural Livelihood Programme (BRLP), National Food for Work Programme (NFFWP), Jharkhand Tribal Development Programme (JTDP), Chhattisgarh Tribal Development Programme (CTDP), Pradhan Mantri Gramin Sarak Yojna (PMGSY) & different Rural Development programme. He worked for the evaluation study of the impact of micro-credit scheme of National Handicapped Finance and Development Corporation (NHFDC) & National Minority Development Finance Corporation (NMDFC), Sankat Haran Bima Yojna of KRIBHCO. He has completed research in Watershed project and SWA-SHAKTI (Rural women Development and Empowerment project, RWDEP).

He was the coordinator of bilateral trade between Thailand & Uttar Pradesh, coordinator of Thailand government for 2018 Uttar Pradesh investor Summit (Lucknow) & ASEAN-India Business summit in New Delhi, visited Bangkok as a guest for ASEAN - India Expo & Forum.

He is CEO of M/s Subansiri Development Private Limited and Director of Village Boy Production Private Limited.

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

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

In the opinion of the Board, Dr. Shambhu Kumar fulfills the conditions for his appointment as an Independent Director as specified in the Act.

Pursuant to the provisions of Section 161(1) of the Act, Dr. Shambhu Kumar shall hold office up to the date of this Annual General Meeting and is eligible to be appointed as an Independent Director. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from Member(s), proposing his candidature for the office of Independent Director.

Dr. Shambhu Kumar does not hold any shares in the Company by himself or for any other person on beneficial basis.

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

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

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

Item No.9

Pursuant to the recommendation of the Audit Committee, the Board of Directors at their meeting held on 7th May, 2019, has considered and approved the appointment M/s. K. G. Goyal & Associates, Cost Accountants (Firm Registration No.00024), Jaipur to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2020, as set out in the Resolution under this Item of the Notice.

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

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

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

Item No.10

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

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

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

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

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

By order of the Board of Directors

(J. B. Sharma)
Company Secretary

Date: 12th August, 2019
Place: Mumbai

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

Name	**Shri Sudhir D. Panadare (DIN: 07933191)**	**Shri Umesh Dongre (DIN: 08039073)**	**Shri K. U. Thankachen (DIN: 06946476)**	**Prof. Anil Kumar Singh (DIN: 08382601)**	**Dr. Shambhu Kumar (DIN: 07368172)**
Age	58 years	57 years	57 years	67 years	47 years
Date of Birth	07.05.1961	13.11.1961	15.07.1962	02.04.1952	04.05.1972
Date of Appointment	18.12.2017	09.02.2018	11.12.2018	07.03.2019	07.03.2019
Qualification	B.E. (Chemical)	Indian Cost Accounts Service and CMA from the Institute of Cost Accountants of India	MBA	Ph.D. , IIT Kanpur	Bachelor of Arts and Ph. D., Jamia Millia Islamia University, New Delhi.
Terms & Conditions of appointment	Appointed as Director (Technical) by President of India through Ministry of Chemicals & Fertilizers.	Appointed as Director(Finance) by President of India through Ministry of Chemicals & Fertilizers.	Appointed as Director (Marketing) by President of India through Ministry of Chemicals & Fertilizers.	Appointed as an Independent Director by President of India through Ministry of Chemicals & Fertilizers.	Appointed as an Independent Director by President of India through Ministry of Chemicals & Fertilizers.
Expertise in specific functional area	Shri Panadare has rich experience in Technical Services, Ammonia plants, Urea Plant & Chemical Plants etc. and in development of the projects of the Company	Shri Dongre has a very rich and varied experience in various facets of Financial Management.	Shri Thankachen is a seasoned professional in the field of logistics and warehousing with over 30 years of experience.	Prof. Anil Kumar Singh has been associated with IIT Bombay in various capacities and also served in administrative capacity in other higher education and research institutions in India.	Dr. Shambhu Kumar has vast experience in Indian Government development programme & different Rural Development programme.
Details of remuneration last drawn (Financial year 2018-19)	₹ 54.78 Lakh	₹ 42.28 Lakh	₹ 12.90 Lakh	₹ 0.25 Lakh	₹ 0.50 Lakh
Number of Meetings of the Board held during the year and number of Board Meetings attended	14/14	14/14	5/5	1/2	2/2
Relationship with any other Director, Manager and other KMP of the Company	N.A.	N.A.	N.A.	N.A.	N.A.
Directorship held in other companies	a. Talcher Fertilizers Limited b. The Fertilisers and Chemicals Travancore Limited	a. The Fertilisers and Chemicals Travancore Limited b. FACT-RCF Building Products Limited	The Fertilisers and Chemicals Travancore Limited	Nil	a. Subansiri Development Private Limited b. Village Boy Production Private Limited.
Memberships/Chairmanship of Committees in other Companies	Nil	Nil	Nil	Nil	Nil
No. of Shares held	200	Nil	Nil	Nil	Nil

DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting this 41st Annual Report on the working of your Company together with the Audited Accounts for the year ended 31st March, 2019.

FINANCIAL PERFORMANCE

₹ Crore

Particulars	2018-19	2017-18
Total Revenue	**8965.14**	**7343.20**
Total Operating Cost	**8441.79**	**7015.23**
Operational Profit	**523.35**	**327.97**
Depreciation/Impairment	155.69	137.04
Finance Cost	155.85	62.59
Profit before exceptional items	**211.81**	**128.34**
Exceptional Items	(23.44)	0.12
Profit before Tax	**235.25**	**128.22**
Provision for Tax (including deferred Tax liability/ Asset)	96.08	49.42
Net Profit	**139.17**	**78.80**
Retained Earnings		
Less: Dividend Paid (Previous Financial Year)	33.10	60.69
Less :Dividend Distribution Tax	6.81	12.35
Add: Re-measurement of Defined Benefit Plan	(2.46)	(8.57)
Less: Balance Transferred to / (from) General Reserve	96.80	(2.81)

The major factors impacting your Company's profitability before tax are as under:

a. Higher sales & margins of Complex Fertilizers, Industrial and traded products contributed to higher profitability.

b. Reduction in norms of Urea energy at Thal impacted profitability. However, the same was partially offset by energy efficiencies achieved due to various improvement Schemes undertaken to reduce energy consumption.

c. Your Company has crossed the reassessed level of production of 17.07 LMT in respect of Thal Urea and 3.30 LMT in respect of Trombay Urea, however, falling IPP of Urea has impacted the operating Margins of production of Urea beyond Reassessed Capacity(RAC).

d. Higher borrowings, firming up of interest rates and adverse impact of foreign exchange variation as borrowing costs resulted in a substantial increase in finance costs.

MEMORANDUM OF UNDERSTANDING WITH GOVERNMENT OF INDIA

Your Company has been entering into a Memorandum of Understanding (MoU) with the Ministry of Chemicals & Fertilizers, Government of India, setting the performance parameters and targets every year. Despite Company achieving higher production and better engery efficiency, it secured "Poor" rating for the year 2017-18 which was mainly on account on certain financial targets which stood impacted owing to reasons beyond Company's control.

The performance rating for 2018-19 MoU is yet to be finalised by the Government and the Company expects to achieve better rating this year.

DIVIDEND

Although your Company has lined up number of capex programmes which will entail substantial expenditure, considering the consistent profits being made by the Company, your Directors have recommended a dividend of ₹0.77 (i.e. 7.70 %) per equity share (Previous year ₹0.60 per equity share) for the financial year 2018-19. The total outgo on this account works out to ₹51.21 Crore (₹39.91 Crore in the previous year) including dividend distribution tax and education cess. The dividend payout is subject to the approval of members at the ensuing Annual General Meeting.

APPROPRIATION TO GENERAL RESERVES

Your Company earned a net Profit After Tax of ₹139.17 Crore (₹78.80 Crore in the previous year). The dividend payout along with Tax and education cess pertaining to FY 2017-18 was ₹39.91 Crore (₹73.04 Crore in the FY 2016-17). The balance amount of ₹96.80 Crore (previous year ₹2.81 Crore) was transferred to / (from) General Reserves.

AWARDS WON

As in the past, your Company has won many awards during the year 2018-19, some of which are as under:

Trombay Unit

- Prestigious "31st CFBP- Jamanalal Bajaj Uchit Vyavahar Puraskar for Fair Business Practices" for the year 2018 in the category of Manufacturing Enterprises –Large.
- "Governance Now 6th PSU Award" in CSR category
- RCF Women Employee Won First Prize under Mini Ratna Category for the Best Activity Report for the period from Oct. 2017 to Sep. 2018 at the Regional Meet of Forum of Women in Public Sector (WIPS) under the aegis of SCOPE held on 10th December 2018 at Bhopal.
- "Certificate of Merit" for conservation of energy in Chemical Sector from Maharashtra Energy Development Agency (MEDA) for the year 2017-18.
- 2nd Rank for Excellence in Suggestion Scheme Contest 2018 organized by INSSAN in the Fertilizer Industries Group.
- "Bombay Chamber of Commerce and Industry CIVIC AWARDS: Sustainable Environmental Initiatives"- 2017-18
- "ICC Award for Excellence in Environment Management 2017
- Authorized Economic Operator-T1 certificate from Central Board of Indirect Taxes and Customs.
- NSC- Maharashtra chapter organised three level competition in three different categories. Following employees from RCF won the competition in the respective categories:
  - Mr. Rupesh Patil won the award in best safe Kamgar category
  - Mr. Anil Gaikwad won the award in best safe Manager category.
  - Mr. K P Kathayat was felicitated by director, DISH for judge of three level competition.

Thal Unit

- Heavy Water Plant received National Safety Council, (Maharashtra Chapter) "Certificate of Merit" for Meritorious Performance in Industrial Safety for the year 2017.
- FAI award for Excellence in Safety for the year 2017-18
- First prize in 12th State Level Award for "State level Excellence in Energy Conservation & Management" for the year 2017-18 from Maharashtra Engery Development Agency (MEDA), Govt. of Maharashtra.
- "Maharashtra Safety Award-2017"for achieving Lowest Accident Frequency Rate and Longest Accident Free Period in Chemicals & Fertilizers Industrial Group Highest Accident Free Days and "Zero Accident Frequency Rate" for the year 2017 from National Safety Council's.
- Five (5) Star Green rating for air quality for the year 2018-19 by Maharashtra Pollution Control Board for the third consecutive year.

OPERATIONAL RESULTS

Thal Unit

During the year, the unit produced 19.84 lakh MT of Urea compared to 20.61 lakh MT produced during the previous year. In terms of nutrients in the fertilisers, the unit produced 9.12 lakh MT of N during the year, compared to 9.48 lakh MT during previous year.

Trombay Unit

The Trombay Unit produced 3.92 lakh MT of Urea & 5.61 lakh MT of Suphala 15:15:15 during the year compared to produced 4.41 lakh MT of Urea & 4.78 lakh MT of Suphala 15:15:15 produced during the previous year. In terms of Nutrient values, the unit produced 2.64 lakh MT of N, 0.84 lakh MT of P_2O_5 and 0.84 lakh MT of K_2O during the year compared to 2.75 lakh MT of N, 0.72 lakh MT of P_2O_5 and 0.72 lakh MT of K_2O respectively during the previous year.

Industrial Products

Your Company produces industrial chemicals at its both units. During the year, your Company produced approx. 2.27 lakh MT of various major industrial chemical products as against approx. 1.95 lakh MT during the previous year. Your Company produces, amongst others, Methanol, Conc. Nitric Acid, Sodium Nitrate / Nitrite, Methylamines, DMAC, Formic Acid, Argon, AN Melt etc.

MARKETING PERFORMANCE

Fertilizer Division

Your Company achieved sales volume of 30.49 lakh MT during 2018-19 as compared to 30.65 lakh MT during the previous year. Your Company sold 23.89 lakh MT of Urea, 5.26 lakh MT of Suphala 15:15:15, 0.01 lakh MT of Suphala 20:20:0 and 1.34 lakh MT of other bought out products such as DAP, MOP etc., compared to 25.10 lakh MT of Urea, 4.68 lakh MT of Suphala 15:15:15, 0.03 lakh MT of Suphala 20:20:0 and 0.83 lakh MT of other bought out products during the previous year. The total sale of manufactured fertilizers during 2018-19 was 29.15 lakh MT as against 29.82 lakh MT during the previous year.

Sales of manufactured fertilizers registered reduction of 2.21% over previous year owing to poor agro-climatic conditions and glut of fertilizers in the market.

Industrial Products Division

Industrial Products Division achieved sales turnover of ₹955.16 Crore as against ₹783.72 Crore during the previous year. Your Company has achieved highest turnover of IPD products due to increase in sale of Ammonium Nitrate (Melt), Dilue Nitric Acid, ABC, Formic Acid, Methanol, & CNA etc.. Due to higher cost of operations on account of increase in gas prices, production of some products like Methylamines at Trombay and DMF at Thal was suspended.

Exports

Considering the nature of products manufactured by your Company and indigenous demand, the scope for export is very limited. High cost of production is the main restraining factor for venturing in the international market, as it renders our products unviable compared to lower cost of imports of similar products. However, your Company has been successful in popularizing our ABC brand in the overseas market through third party export. During financial year 2018-19, your Company has done third party export of ABC to the tune of ₹41.32 lakh as against ₹41.06 lakh during the previous year.

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

As at the end of the financial year to which the Balance Sheet of the Company relates and the date of this report, following material changes have occurred:

Gas Generator, one of the major component of GTG of both GTG/HRSG Units of Thal plant is under shutdown due to technical failure. There is no major impact on the production of Thal Urea as Company had switched over from GTGs to Turbo Generator Units. However, it will result in higher energy consumption by 0.30 Gcal / MT of Urea.

Company has taken the necessary corrective actions for repair & restoration of Gas Generators as well as buying one new Gas Generator unit. One GTG will be put up in to operation by August 2019.

RISK MANAGEMENT

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

The Board of Directors had constituted Risk Management Committee to identify elements of risk in different areas of operations and to develop policy for actions associated to mitigate the risks. The Committee on timely basis informs the Board of Directors about risk assessment and minimization procedures which in the opinion of the Committee may threaten the existence of the Company, if any. The details of Risk Management Committee are included in the Corporate Governance Report.

MAJOR EXPANSION AND DIVERSIFICATIONS

Your Company is planning to undertake major projects as under:

PROJECTS COMPLETED

Gas Turbine Project at RCF Thal

New Energy Norms have become effective for Thal Unit from 01.04.2018 which has adversely affected profitability of your Company. To reduce the impact on profitability due to downward revision in energy norms, your Company intends to further reduce the specific energy consumption in its Ammonia and Urea Plants at Thal. As a step in this direction, your Company has set-up and commissioned Gas Turbine Generator (GTG) of 2 x 25 MW along with Heat Recovery Steam Generator (HRSG) of 2 x 100 MTPH capacity in April 2018. As a part of this project, some of the steam turbine drives are replaced with motors. The estimated energy saving is 0.35 Gcal/MT of Urea and the project cost is about ₹363.80 Crore. Energy saving of about 0.30 Gcal/MT of Urea has been achieved so far and 0.05 Gcal/MT will be achieved by Dec-2019 after installation of new motor driven ARC-IV compressor.

Vortex Mixer & Conversion Booster for Thal Urea Reactor

Scheme involved installation of Vortex Mixer and Conversion Booster in the Urea Reactors of all three units aiming to reduce specific steam (medium pressure) consumption by 50 kg/MT of Urea. Installation of Vortex Mixer with conversion booster in Urea reactor of Urea-11 was done in Jan. 2018 and that in Urea-21 and Urea-31 was done in November 2018. The energy saving achieved is 0.026 Gcal/MT of Urea.

Vapour Absorption Machine (VAM) for Process Air Compressor in Ammonia Plant at Thal

Installation of VAM in PAC-I/II for suction air chilling for energy saving was implemented at a cost of ₹10.13 Crore. VAM unit was commissioned with PAC-II in August 2018 and PAC-I in November 2018. Energy Saving of 0.006 Gcal/MT of Urea is achieved.

Revamp of CO_2 compressor at Thal

Revamping of CO_2 compressors and turbines in all the three units is carried out with investment of ₹107.90 Crore. Revamping of CO_2 compressor was completed for Urea 11 in Jan. 2018 and revamping of Urea-21 and Urea-31 was completed in Nov. 2018. Energy saving of 0.075 Gcal/MT of Urea is achieved.

Vapour Absorption Machine (VAM) unit for CO_2 Compressor at Thal

Installation of VAM for CO_2 compressor suction cooling was completed in December 2018 at the cost of ₹9.34 Crore. Energy saving of 0.009 Gcal/MT of Urea is achieved.

PROJECTS UNDER IMPLEMENTATION:

Gas Turbine at Trombay:

New energy norms for Trombay Urea are sheduled to be effective from 01.04.2020. Your Company is implementing some energy reduction projects in order to reduce impact on profitability. As a part of this, your Company is installing Gas Turbines Generator (GTG) of 2 x 25 MW along with Heat Recovery Steam Generator (HRSG) of 2 x 65 MTPH capacity, with an aim to reduce the specific energy consumption in Ammonia and Urea Plants at Trombay. Work has been awarded to M/s Thermax on 18.04.2018 for implementing the project on LSTK basis. Estimated project capital cost is about Rs.427 Crore. Excepted Energy Saving is 0.30 Gcal/MT of Urea and expected completion by April 2020.

Sewage Treatment Plant (STP) at Trombay

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

Trombay Urea-V Plant Revamp (Casale Scheme)

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

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

The revamp scheme is envisaged to result in energy saving of 0.19 Gcal/MT of Urea. Estimated project capital cost is about ₹137.03 Crore and work is under execution and expected to be complited by March 2020.

Trombay Ammonia V Plant Revamp (KBR Scheme)

Your Company is implementing energy improvement schemes in Ammonia V plant at a total estimated investment of Rs.71 Crore. The Basic Engineering is being done by KBR, USA and Detail Engineering is being done by PDIL, India. The scheme is envisaged to result in energy saving of 0.25 Gcal/MT of Ammonia and work is under execution and expected to be complited by March 2021.

Ammonia V PAC & CO_2 compressor internals & turbine replacement at Trombay Unit

The drive turbines of Process Air Compressor (PAC) and CO_2 compressor are consuming more steam than design. Replacment of the drive turbines of PAC and CO_2 Compressors & revamp the present PAC and CO_2 compressors by replacing only the internals with improved design on proprietary basis through BHEL (OEM for these machines) likely to be commissioned in June 2019. The expected energy reduction is around 0.199 Gcal per MT of Urea. Estimated project capital cost is about ₹75.60 Crore.

New Process Air Compressor at Thal

Installation of one new higher capacity PAC-IV with GT-HRSG for energy saving at an estimated cost of ₹346.88 Crore. Energy saving expected is 0.21 Gcal/MT of Urea. Project is expected to be completed by October 2021.

Variable frequency drive (VFD) for HP Ammonia Feed pump at Thal

Installation of variable frequency drive on HP Ammonia feed pumps for power saving at estimated cost of ₹6.60 Crore. Saving expected is 0.004 Gcal/MT of Urea. Scheme will be completed by June-2020 for all 9 Pumps

PROJECT UNDER CONSIDERATION

Organic Fertilizer Plant at Trombay

Your Company is contemplating to setup an organic fertilizer plant of 10,000 MT per Annum capacity using STP & ETP sludge and gypsum, sourced in-house, at Trombay unit. The project shall serve dual purpose of producing & marketing organic fertilizer as per Government mandate as well as the disposal/management of STP & ETP sludge with the manufacturing of value added product giving clean environment. Estimated Project Capital Cost is about ₹7 Crore.

Revamp of AN Melt Section of ANP Plant at Trombay

In order to reduce specific consumption of raw materials and improve the energy efficiency of the plant, your Company is exploring possibilities to revamp AN Melt Section of ANP Plant at Trombay.

Revamp of ANP Granulation Section at Trombay

Presently ANP plant is not in operation due to economic unviability of the NPK 20:20:0 which is sold under brand name Suphala. Your Company is exploring possibility of revamping ANP Granulation section for manufacturing other grades of NPK like 12:32:16, 10:26:26 and 20:20:0:13. The estimated cost of the project is ₹172 Crore.

ETP up-gradation at Thal

Upgradation of ETP for treating 12,000 M^3/Day effluent at an estimated cost of ₹71 Crore. Benefit will be recycling of treated effluent as a raw water to the tune of 9,600 M^3/Day. Scheme will be completed by April 2021.

Motor Driven Nitrogen Compressor in Argon Plant at Thal

Existing steam turbine driven compressor will be replaced with motor driven at estimated cost of ₹20.78 Crore to utilize power generated from GT. Saving expected is ₹13.69 Crore per year. Scheme will be completed by Dec. 2020.

Installation of NG fuel Expander power generator in Ammonia Plant at Thal

Fuel Natural gas available at higher pressure in Ammonia Plants will be passed through expander to generate electricity of around 1.2 MW. The estimated cost is ₹23.19 Crore. Expected energy saving is 0.004 Gcal/MT Urea. Scheme will be completed by Feb-2021.

JOINT VENTURE PROJECTS

Coal Based Fertilizer Plant at Talcher

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

The estimated Project capital cost is approx. ₹11,611 (±15%) Crore (RCF share is ₹1,033.53 Crore (±15%). LSTK tenders are floated for Coal Gasification and Ammonia-Urea plant. Priced Bids are opened. Tender for offsite Utilities and various contracts are in advance stage.

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

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

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

The proposed project entails setting up a Urea plant with an annual capacity of 1.27 Million MT. The estimated Project Cost is about ₹7,600 Crore. The feasibility study for the project is being carried out by PDIL.

JV Project in Gabon

Republic of Gabon plans to set up green-field Ammonia-Urea fertilizer complex at Mandji Island near port – Gentil of West coast of Gabon. The Urea plant capacity is envisaged to be 1.27 Million MT. Invitation to participate in Gabon Fertilizer Project comprising Ammonia-Urea fertilizer complex was received from DoF. Due diligence study is completed. There is likelihood of induction of another Indian JV Partner. The estimated Project Capital Cost is USD 1469.43 Million i.e. about ₹10,286 Crore.

JV Project in Syria and Jordan

In Syria and Jordon, investment opportunities for development of rock phosphate mines and production of phosphoric acid are being explored.

SUBSIDIARY AND OTHER JOINT VENTURE COMPANIES

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

JOINT VENTURE COMPANY

FACT-RCF Building Products Ltd. (FRBL), Kochi

Your Company has formed a Joint Venture Company with Fertilizers and Chemicals Travancore Limited (FACT) by incorporating FACT-RCF Building Products Ltd. to set up a Rapidwall project at Kochi. Both your Company and FACT have 50:50 equity holding in the Company. The plant is in operation. There is a substantial reduction in the losses and products manufactured by the Company has very good potential, therefore your Company would continue to support it in the coming years.

Urvarak Videsh Limited (UVL)

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

Talcher Fertilizers Limited (TFL)

Your Company has formed a Joint Venture company, with Coal India Limited (CIL), GAIL (India) Limited (GAIL) and Fertilizer Corporation of India Limited (FCIL), with the name Talcher Fertilizers Limited for revival of FCIL's fertilizer unit at Talcher by establishing and operating coal gasification based fertilizer complex. The equity participation of RCF, CIL and GAIL is 29.67% each and that of FCIL is 10.99%. During the year, the your Company has infused ₹11.33 Crore in TFL.

Consolidated Financial Statement

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

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

SUMMARY OF FINANCIAL PERFORMANCE

₹ Crore

Particulars	2018-19	2017-18
Total Income (Net)	**8965.14**	**7343.20**
Total Operating Expenses	**8441.79**	**7015.23**
Operational Profit	**523.35**	**327.97**
Depreciation/Impairment	155.69	137.04
Finance Cost	155.85	62.59
Share /(loss) of Associates/JVs	(5.09)	0.02
Profit/ (Loss) before Exceptional Item	**206.72**	**128.36**
Exceptional Item	(23.44)	0.12
Profit/ (Loss) before Tax	**230.16**	**128.24**
Provision for Tax (including deferred Tax liability/ Asset)	96.08	49.42
Net Profit / (loss) after Tax	**134.08**	**78.82**

RESEARCH AND DEVELOPMENT

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

Launch of New Product "Water pH Balancer"

Around 78% of farm irrigation is through groundwater. This groundwater is alkaline in many regions of India. Water pH is a critical factor in the effectiveness of many pesticides, foliar fertilizers, growth regulators, weedicides and other agrochemicals. Under alkaline water conditions, the solubility of the applied foliar chemicals decreases. This product, on addition to spray water decreases the pH of water and thus increases the efficacy of agrochemicals.

"RCF's Water pH Balancer" was launched on 29th August 2018 in the market adding one more value added product to the basket of fertilizers and chemicals.

More from Less- Nanofertilizers

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

Lot of efforts have been put in for the development of Nanoorganic fertilizers with biologically synthesized nanoparticles. This formulation will be applied for patent by the year 2020.

Trials were being conducted at Indian Council of Agriculture Research (ICAR) institute –Indian Agriculture Research Institute (IARI), Pusa, New Delhi on wheat and paddy cropping system. The trials have been conducted for a period of two years i.e. till June, 2019.

The trials on wheat and rice have shown an increment in farmers income by 25% with concomitant reduction in agro input.

Bio-nano fertilizer was also developed to enchance the efficacy and shelf life of biofertilizers. The product has shown encouraging results and better applicability.

Soil Health Management and Balanced Nutrition

Training programmes were conducted by R&D for farmers in various parts of Maharashtra state. Farmer's field demonstration were undertaken during these programs. Field trials were conducted at District Nashik on rose and Grapes. The effective use of package of nutrients and the importance of soil testing was demonstrated. Similar trials were conducted at Thal, Alibag on onion crop. Explicit effect of package of nutrients was seen on the crop productivity in all the trials.

The outcome of the studies conducted on crop growth and yield was published in the in-house journal for farmers "Sheti Patrika" and also hosted on "Samanvay" knowledge portal of Government of India.

Wealth from Waste - Composting

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

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

During the year 2018-19, a quantity of around 50 MT of quantity of compost was prepared for in-house utilization.

Plant Growth Regulator

In view to promote Integrated nutrient management system, to enhance yield, the sustainability of the system and effectiveness of conventional mineral fertilizers, a completely organic product has been developed and tested successfully on various crops. The product is scheduled to be commercialized during 2019-20. This product is very useful specifically for cash crops viz. Grapes, oranges, floriculture etc. along with all vegetables and cereals.

Silicon Product

In recent years, Silicon (Si) has become more globally accepted as an agriculturally important addition. Beneficial effects of Si includes enhancing plant resistance and tolerance to various biotic and abiotic stresses. Si mitigates multiple abiotic stresses viz. salinity, drought, flooding, freezing, high temperature, ultraviolet radiation and mineral nutrient deficiency/toxicity stress. Contributes to increased food safety, higher production with lower input costs and reduced negative impacts on environmental health. The R&D of your Company has developed a silicon product and tested on various crops successfully. This shall be commercialized during 2019-20, adding another beneficial product to the basket of your Company.

ENVIRONMENT MANAGEMENT AND POLLUTION CONTROL

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

Your Company has established ISO 14001 compliant Environment Management System (EMS) and has certification for IFA Protect & Sustain Product Stewardship System of international standard for environment protection, Safety and product security at its both the manufacturing units covering aspects of products in Agriculture farm and end users. The Systems are constantly upgraded and regular internal audits and Management Reviews are carried out to ensure compliance and continuously improve the system. Apart from Stack monitors, which continuously monitor the emissions, four fixed ambient air quality monitoring stations are in place, at both Trombay and Thal, to monitor ammonia, NOx, SO_2, Particulate matter (PM10 & PM2.5) & metrological parameters. Both units of your Company are connected to MPCB and CPCB servers for continuous on line data of stack and effluent parameters.

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

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As part of its initiatives under "Corporate Social Responsibility', the Company has undertaken several projects in the areas of rural development, promoting health care and education aimed for the benefit of needy and for general good of the society. These projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR policy. The report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as **Annexure –I** and forms an integral part of this report. During the year, your Company has spent ₹3.88 Crore on CSR activities. The activities, in brief, are as under:

Education

a. Scholarship to meritorious students

Your Company offers a number of scholarships to students of SC / ST/ OBC communities for pursuing studies. Lodging, Boarding and Education expenses of selected students at Shivaji Military school, Pune is borne by your Company under this scheme.

b. Supply of Mid-Day Meal

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

c. Supply of drinking water to the villages

Your Company has been providing drinking water for last 23 years to seven villages around Thal unit through pipelines laid down from the water reservoir in the unit and spent about ₹60.61 lakh on this account during the year. More than 15,700 residents of the villages got benefited of the scheme.

d. Community Medical Facility- Running of Mobile Medical Van

Your Company in collaboration with Wockhardt Foundation, is running mobile medical van at Thal, Alibag and Chembur, Mumbai. Total three such medical vans (one at Chembur and two at Thal) were running during 2018-19. At Thal, on an average seven villages are covered in weekly cycles by a Mobile van and patients are benefitted from free medical services including supply of medicines. Through this facility, ailments like Malaria, Hepatitis, Dengue, Typhoid, Diabetes etc., are treated on regular basis. The Medical Van is accompanied with one MBBS doctor and one assistant. One medical van attends approximately 25,000 patients per annum.

e. Rural Sports

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

f. Livelihood enhancement projects

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

g. Aspirational District (Osmanabad)

Government of India has issued guideline to CPSEs related to utilization of CSR funds in a focussed manner towards national priorities by adopting a theme based approach. As per the DPE guidelines common theme identified for the year 2018-19 was School Education and Health Care.

Your Company had selected Osmanabad which is one of the Aspirational distrcit in Maharashtra

Your Company has implemented two schemes in Osmanabad :

i. **Mini Science Centres :** Your Company has set up "Mini Science Centres" in 40 ZilhaParishad Schools in Osmanbad district. All laboratories are installed by STEM learning Centre. It is a catalytic channel that is interactive, engaging & fun that's aimed to raise awareness, grasp the information & strengthen the aptitude foundation of children; furthermore also supports the teachers in teaching - with a focus on science & maths. Mini science Centre has a range of 65 table top working models with 33 back-drops and manuals in regional language providing hands-on experience for learning Science and Mathematics for Class 5 to 10.

ii. **Medical Equipments:** Your Company supplied Medical Equipment to Civil Hospital Osmanabad. The medical Equipments provided are Digital X-Ray Machine, C-arm, Portable X-Ray, Cell Counter 5 Parts, Semi Autoanalyzer, Bone Drill, Autoclave Horizontal, Sonography Colour Doppler, Dental X-ray, ECG Machine, as per the request from District Collector, Osmanabad .

CPSE CONCLAVE "VISION 2022"

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

In line with the decision taken at the CPSE Conclave, DPE has prepared Broad Framework of Action Plan comprising of Objectives, Actionable Points, Metric and Responsibility and have circulated the same amongst all CPSEs for developing Company specific actionable points and targets to be achieved by 2019 (short-term) and long-term (to be achieved by 2022-23).

In line with above, your Company has prepared the Company specific actionable points with targets and has been working on achieving the same. The actionable points are pertaining to contribution towards import substitution, minimizing the import bill of the Country, plan to improve ranking of your Company among Fortune India 500 Companies, promotion of R&D activities, Alignment of CSR activities with national priorities, handholding of MSEs, skill India movement, supporting start-ups, development of township as mini smart city, reduction in wasteful expenditure, increasing geo-strategic reach of a Company.

EFFECTIVE IMPLEMENTATION OF PUBLIC PROCUREMENT POLICY FOR MICRO, SMALL AND MEDIUM ENTERPRISES

Government of India, Ministry of Micro, Small and Medium Enterprises, vide order dated 23rd March, 2012, notified the public procurement policy in respect of procurement of goods and services produced and provided by Micro, Small and Medium Enterprises and further amended it on 9th November 2018 vide Government of India Gazette Notification S.O. 5670(E) dated 9th November, 2018.

The Public Procurement Policy for Micro and Small Enterprises (MSE) order, 2012 mandates the 20% of Annual procurement by Central Ministries/ Department and CPSEs from MSEs including 4% from MSEs owned by SC/ ST entrepreneurs w.e.f. 1st April 2015.

With amendment in Public procurement policy for Micro & Small Enterprises (MSEs) order, 2012 vide GoI Gazette Notification S.O. 5670(E) dated 9th November, 2018, the percentage target of procurement of goods and services by Government Departments/CPSEs from MSEs is increased from 20% to at least 25% along with the provision of minimum 3% reservation for Women owned MSEs within this 25% reservation. Out of this 25% procurement from MSEs, 20% shall be procurement from MSEs owned by SC/ST (SC/ST entrepreneur percentage is increased from 4% to 5%). This amendment is made applicable from 9th Nov 2018.

All efforts are being made to procure items specified for procurement from MSMEs. Necessary provision has been made in all the tenders stating the eligibility of MSMEs to participate in the tender.

With concerted efforts, your Company has been able to achieve 37.25 % procurement from MSEs during 2018-19, out of total procurement of Goods and Services excluding Raw materials, gas, water, electricity, catalyst & proprietary items which cannot be procured from MSEs.

SUSTAINABLE DEVELOPMENT

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

New Sewage Treatment Plant

Your Company is operating Sewage Treatment Plant (STP) at Trombay Unit. The existing plant is based on conventional Activated Sludge Process followed by Reverse Osmosis (RO). The plant treats around 22.75 Million Litres per Day (MLD) of sewage received from MCGM which otherwise would have been drained in to the sea after required treatment. The plant generates about 15 MLD of treated water which is being used in our plants as process water. During the year 2018-19, about 84% of process water requirement was met though STP water.

Your Company along with M/s Bharat Petroleum Corporation Limited (BPCL), is setting up a new Sewage Treatment Plant (STP) at RCF, Trombay at an approx. cost of ₹ 209 Crore. New Sewage Treatment Plant will be based on latest Membrane Bio-Reactor (MBR) Technology with design capacity to treat 22.75 Million Litres per Day (MLD) of Municipal Sewage to produce about 15 MLD of treated water. The treated water shall be shared by RCF and BPCL. This project shall treat waste sewage generated in the city and convert it into treated water.

New STP will generate 15 MLD of treated water for usage in plant operation in RCF and BPCL thereby saving fresh water intake to that extent which will benefit about 30,000 families in the city of Mumbai. This project from your Company will be of great value to residents of Mumbai and Society at large besides improving reliability of operations of RCF Trombay Unit.

Solar Power Plant

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

Your Company has set up a 2 MWp ground mounted Photovoltaic Solar power plant within the factory premises in Trombay Unit in January 2016. In addition to this, your Company has commissioned solar rooftop facilities at Thal, Trombay & Soil Testing labs with an aggregate capacity of 2.01 MWp. The power generated is used for captive consumption, thereby reducing your Company's power import to the equivalent extent. During the year 2018-19, 4835 MWh of solar power was generated. The green power generated by solar plants replaces the conventional power generated through burning of fossil fuels leading to reduction in overall Greenhouse gas emissions.

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

VIGILANCE

Vigilance Department is headed by Shri Sameer Rastogi, IFS, who holds the charge of Chief Vigilance Officer of RCF. The CVO is assisted by a team of officers drawn from various functional departments and placed in Corporate Office in Mumbai and Thal. The activities of the Vigilance department cover the Corporate Office, Trombay Unit, Thal Unit and Marketing offices situated throughout the country. In line with the CVC guidelines, the thrust of vigilance in the Company is to bring greater transparency, fairness and efficiency in all type of transactions and execution of works.

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

During the year, Vigilance Department has actively contributed towards e-governance by leveraging technology in all operations in RCF. Tender documents have been made more objective. Transparency in existing system of dealing with the Dealers/Vendors has been enhanced by adopting e-procurement in all procurements. The Vigilance Department has also ushered in an era of e- clearances for issuing NOC for various purposes to the employees like gratuity and visits abroad.

The Vigilance Department conducted the Vigilance Awareness Week from 29.10.2018 to 03.11.2018 and involved school and college students from Mumbai, Thal and Pune. This helped in spreading Vigilance Awareness among young citizens. An Integrity club has been established in a Mumbai School for motivating students and community on moral issues.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

PUBLIC DEPOSIT

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

OFFICIAL LANGUAGE POLICY

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

AUDITORS

a. STATUTORY AUDITOR

The Comptroller and Auditor General of India (CAG) has appointed, M/s. Kalyaniwalla & Mistry LLP, (Firm Registration Number 104607W) and M/s.Chhajed & Doshi (Firm Registration Number 101794W) as Joint Statutory Auditors of your Company for the financial year 2018-19. The Auditors would be retiring at the conclusion of the Forty First Annual General Meeting.

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

The Statutory Auditors for the financial year 2019-20 will be appointed by the CAG. However, their remuneration is required to be fixed at the AGM by the members.

b. COST AUDITOR

Your Directors, on the recommendation of Audit Committee, has appointed M/s. K. G. Goyal & Associates, Cost Accountants (Firm Registration No. 000024), Jaipur as Cost Auditors to audit the cost accounts of the Company for the year 2019-20 on a remuneration of ₹2.00 Lakh excluding applicable taxes. As required under the Companies Act, 2013, the remuneration payable to cost Auditor is required to be placed before the members in a general meeting for their ratification. Accordingly, a resolution seeking Members' approval for the remuneration payable to M/s. K. G. Goyal & Associates as Cost Auditors forms part of the notice convening the Annual General Meeting for their ratification.

c. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Bhandari and Associates, a firm of Company Secretaries in Practice (C.P. No. 366) to undertake the Secretarial Audit of the

Company. The Secretarial Audit Report is annexed as **Annexure III** and forms an integral part of this Report.

EXPLANATION OR COMMENTS BY THE BOARD ON SECRETARIAL AUDIT REPORT

M/s. Bhandari and Associates, Practising Company Secretaries, Secretarial Auditor of the Company has made the following observations in their Secretarial Audit Report:

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

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

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

d. SECRETARIAL STANDARDS

During the year 2018-19, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

i] that in the preparation of the annual accounts for the year ended March 31, 2019 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

ii] the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for the year ended on that date;

iii] that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv] the annual accounts have been prepared on a going concern basis;

v] that the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

vi] that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE

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

COMPLIANCE OF CORPORATE GOVERNANCE GUIDELINES ISSUED BY DEPARTMENT OF PUBLIC ENTERPRISES

DPE, Government of India, has laid down certain parameters for the purpose of grading the CPSEs on the basis of their compliance with guidelines on Corporate Governance and this report needs to be submitted to the Government on quarterly/annual basis. Your Company has been complying with the Guidelines on Corporate Governance for CPSEs laid down by DPE and regularly submits reports to the Government. DPE issued 'Éxcellent Rating' to your Company for the year 2017-18.

INTERNAL FINANCIAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

KEY MANAGERIAL PERSONNEL

The following are Key Managerial Personnel of the Company

1. Shri Umesh V. Dhatrak [DIN 07718394], Chairman & Managing Director
2. Shri Sudhir D. Panadare [DIN 07933191], Director (Technical)
3. Shri Umesh Dongre [DIN 08039073], Director (Finance) & CFO
4. Shri K. U. Thankachen [DIN 06946476], Director (Marketing)
5. Shri Jai Bhagwan Sharma [FCS 5030], Company Secretary

DIRECTORS

Shri K. U. Thankachen (DIN 06946476) has been appointed as Director (Marketing) on the Board w.e.f. 11th December, 2018.

Prof. Anil Kumar Singh (DIN 08382601) & Dr. Shambhu Kumar (DIN 07368172) has been appointed as Independent Directors on the Board w.e.f.7th March, 2019.

Shri Harin Pathak (DIN 07552994) and Shri G. M. Inamdar (DIN 07552999), Independent Directors ceased to be Directors of the Company w.e.f. 10th June, 2019.

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

As per Section 152 of the Companies Act, Shri Sudhir D. Panadare (DIN: 07933191) and Shri Umesh Dongre [DIN 08039073], Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

DECLARATION OF INDEPENDENCE

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

COMMITTEES OF THE BOARD

The Company's Board has the following committees:

i. Audit Committee

ii. Stakeholders Relationship Committee

iii. Share Transfer Committee

iv. Nomination and Remuneration Committee

v. Committee on Corporate Social Responsibility (CSR)

vi. Empowered Committee for Procurement.

vii. Risk Management Committee

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

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

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

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

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

MEETINGS OF THE BOARD

Fourteen (14) Board Meetings were held during the year. The details of the Board Meetings held during the financial year 2018-19 are provided in the Corporate Governance Report.

BOARD EVALUATION

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

Your Company has evaluated the performance of the Independent Directors for the year 2018-19 as per regulation 17(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

PARTICULARS OF LOANS GIVEN, INVESTMENT MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

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

CREDIT RATING

Your Company has been reaffirmed with the highest domestic short term credit rating of A1+ by CRISIL and CARE Ratings signifying a very strong degree of safety regarding timely payment of financial obligations maturing within one year. Also, the long term credit rating (domestic) of AA has been re-affirmed by ICRA and India Ratings signifying very low credit risk of the Company.

PARTICULARS OF EMPLOYEES

During the year under review, none of employees of the Company had drawn remuneration in excess of the limits prescribed under section 134(3) (c) of the Companies Act, 2013 read with Companies (Appointment of Managerial Personnel) Rules, 2014.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

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

RELATED PARTY TRANSACTIONS

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

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

The details of the investment in equity made by the Company as on 31st March, 2019 is as under:

₹ Crore

1	FACT-RCF Building Products Limited	32.87 *
2	Urvarak Videsh Limited	0.18 *
3	Talchar Fertilizers Limited	16.35
	Total	49.40

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

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

INTER CORPORATE DEPOSIT

In connection with one time settlement entered into with Dena Dank, the Company has paid total ₹51 Crore (₹12 Crore during the year 2017-18 and ₹39 Crore during the year 2018-19) to Dena Bank as one time settlement which includes an amount of ₹25.50 Crore being the share of The Fertilisers and Chemicals Travancore Limited, the joint venture partner in FRBL. This amount is shown as interest bearing inter corporate deposit given.

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

Your Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.The Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

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

RIGHT TO INFORMATION(RTI)

In order to promote transparency and accountability, an appropriate mechanism has been set up across the Company in line with the provisions of the Right to Information Act, 2005. Your Company has nominated CPIO/ACPIOs/ Appellate Authorities at its units/offices across the Company to provide information to citizens under the provisions of the RTI Act.

During the year under review, your Company has received 141 RTI complaints out of which 136 has been resolved.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

EXTRACT OF ANNUAL RETURN

As per the requirements of section 92(3) of the Companies Act and rules framed hereunder, the extract of Annual Return in form MGT-9 is annexed to this Report as **Annexure V** and form an integral part of this report. The same is available on the Company's website http://www.rcfltd.com/index.php/en/investor-relations/annual-reports.

BUSINESS RESPONSIBILITY REPORT

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

ACKNOWLEDGMENT

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

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

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

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

By order of the Board of Directors

[Umesh V. Dhatrak]
Chairman & Managing Director

Place: Mumbai
Date: 12th August, 2019

ANNEXURE - I

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1.	A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes	Refer section "Corporate Social Responsibility" in Directors Report .CSR Policy may be accessed on the Company's website at the link http://www.rcfltd.com/index.php/en/about-us/policies/11706-csr-policy-2
2.	Composition of the CSR Committee:	Please refer section Committee on Corporate Social Responsibility in the Corporate Governance Report.
3.	Average net profit(PBT) of the Company for last three financial years:	₹19,197 Lakh
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above):	₹384 Lakh
5.	Details of CSR spend for the financial year:	
a.	Total amount spent for the financial year	₹387.59 Lakh
b.	Amount unspent, if any:	Not Applicable

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

Sr No	Project CSR Projects/Activities Identified	Sector in which Project is covered	Locations Districts (State)	Amount outlay (budget) project or program wise ₹/ lakh	Amount spent on the project or programs. Sub heads (1) Direct expenditure on project or program (2) Overheads ₹/ lakh	Cumulative Expenditure up to the reporting period ₹/ lakh	Amount spent direct or through implementing agency
1	Distribution of Mid Day Meal to non aided Schools.	Education	Trombay and Chembur, Mumbai (Maharashtra)	-	1.85	1.85	ISKCON Food Relief Foundation
2	Running Mobile Medical Van.	Healthcare	Thal and Trombay (Maharashtra)	63.00	61.57	61.57	WOCKHARDT Foundation
3	Adoption scheme for SC/ST Students - Entire lodging , boarding and education expenses of selected students from standard VIII to IX at Shivaji Preparatory Military Scholl are born by RCF.	Reducing inequalities faced by Socially and Economically backward groups and promoting education	Shivaji Military School at Pune. However SC/ST students from all districts of Maharashtra get the benefit.	10.41	10.40	10.40	Shri Shivaji Preparatory Military School, Pune.
4	Scholarship based on merit to SC/ST students at Thal.	Reducing inequalities faced by Socially and Economically backward groups and promoting education	Thal, District Raigad (Maharashtra)	1.00	0.60	0.60	RCF

Sr No	Project CSR Projects/Activities Identified	Sector in which Project is covered	Locations Districts (State)	Amount outlay (budget) project or program wise ₹/ lakh	Amount spent on the project or programs. Sub heads (1) Direct expenditure on project or program (2) Overheads ₹/ lakh	Cumulative Expenditure up to the reporting period ₹/ lakh	Amount spent direct or through implementing agency
5	Financial Assistance to Sushrut Hospital for treatment of poor out door patients.	Healthcare	Chembur, Mumbai	5.00	5.00	5.00	Sushrut Hospital
6	Part Financial assistance to Sarswathi Vidya Peetham for construction of School Building	Education	Hyderabad	22.50	22.50	22.50	Sri Saraswathi Vidya Peetham
7	Medical Camp for providing artificial limbs in collaboration with ALIMCO and Shiv Bahuuddeshiya Krida shikshan & Sanskrutik Mandal, Amravati	Healthcare	Amravati	-	15.00	15.00	Shiv prabhu Bahu uddeshiya Krida Shikshan & Sanskrutik Mandal
8	Support to Manondona Centre for rehabilitation of Mentally Challenged and differently abled children in Karnataka.	Special Education for differently abled	Bangalore, Karnataka	5.00	5.00	5.00	MANONDONA CENTRE
9	Construction of Toilets in School	Education	Bahirole, Tal- Alibag, dist.Raigad	3.90	3.90	3.90	RCF
10	Providing healthcare services to elderly patients at Dharavi.	Healthcare	Dharavi, Mumbai, (Maharashtra)	5.78	5.78	5.78	SHIELD Foundation.
11	Setting up of "Mini Science Centres" in 40 Zilha Parishad Schools in Osmanbad district	Education	Osmanbad District	80.00	113.74	113.74	Samabhavana Society
12	Supply of Medical Equipments to District Civil Hospital, Osmanabad	Healthcare	Osmanbad District	76.30	37.64	37.64	RCF
13	Free Distribution of Fertilizers and Sapling at villages nearby Thal.	Rural Development	Dist Raigad, Maharashtra	-	6.27	6.27	RCF
14	Supply of Drinking water at Thal	Providing Safe Drinking Water	Thal, Vaishet, Tudal, Boris, Gunjis, Navgaon, Bhal - District Raigad (Maharashtra)	66.77	60.61	60.61	RCF
15	Organising Rural Sports at Thal	Sports	Thal, Dist. Raigad	-	2.93	2.93	RCF
16	Adiwasi Upliftment	Social welfare	Taluka – Alibag, Dist- Raigad	-	2.43	2.43	RCF

Sr No	Project CSR Projects/Activities Identified	Sector in which Project is covered	Locations Districts (State)	Amount outlay (budget) project or program wise ₹/ lakh	Amount spent on the project or programs. Sub heads (1) Direct expenditure on project or program (2) Overheads ₹/ lakh	Cumulative Expenditure up to the reporting period ₹/ lakh	Amount spent direct or through implementing agency
17	Supply of City Compost	Forest& Environment, Animal Welfare	District Raigad	-	5.40	5.40	MARKFED, Maharashtra
18	RCC Culvert at Navgaon Village benefitting more than 15000 villagers of Thal and Navgaon	Rural Development	Navgaon, Tal-Alibag, Dist. Raigad	-	10.73	10.73	RCF
19	Suction Pump to Gram Panchayat Chendre	Sanitation	Tal- Alibag, Dist. Raigad	-	16.24	16.24	RCF
		TOTAL		**384.00**	**387.59**	**387.59**	

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

   Not Applicable

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

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

Sd/-
Umesh V. Dhatrak
Chairman & Managing Director

Sd/-
Suryanarayana Simhadri
Chairperson - CSR Committee

Dated: 12th August, 2019

ANNEXURE - II

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERVIEW OF THE ECONOMY

As per Word Bank, India's GDP is expected to grow at 7.3% in the fiscal year 2018-19 and 7.5 % in the following two years, attributing it to an upswing in consumption and investment and it will continue to be the fastest growing major economy in the world.

The interim Union Budget for 2019-20 was announced by Union Minister for Finance, Government of India, in Parliament on February 01, 2019. It focuses on supporting the needy farmers, economically less privileged, workers in the unorganised sector and salaried employees, while continuing the Government of India's push towards better physical and social infrastructure. Total expenditure for 2019-20 is budgeted at ₹2,784,200 crore (US$ 391.53 billion), an increase of 13.30% from 2018-19 (revised estimates). Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India. Prime Minister of India has launched the Make in India initiative with an aim to boost the manufacturing sector of Indian economy, to increase the purchasing power of an average Indian consumer, which would further boost demand and hence spur development in addition to benefiting investors. The Government of India, under the Make in India initiative, is trying to give boost to the contribution made by the manufacturing sector and aims to take it up to 25 percent of the GDP from the current 17 percent. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.

India is expected to be the third largest consumer economy as its consumption may triple to US$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report and is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040, according to a report by PricewaterhouseCoopers.

INDUSTRY STRUCTURE AND DEVELOPMENT

The fertilizers sales for industry as a whole had witnessed growth by almost 9.06% during the financial year 2018-19. With overall consumption rising, the decline in domestic sales was made up with higher urea imports which rose 25% in the financial year 2018-19. NPK and DAP sales had increased by 7% and 5.27 % respectively as compared to the previous year. MOP sales had increased substantially by 41.65 % as compared to the previous year. Imports of Urea, DAP & NPKs increased by 21.33%, 38.29% and 24.97% respectively during the year 2018-19 as compared to the previous year. On the other hand, imports of MOP witnessed sharp declined of 15.87 %.

Rabi sowing was down 1.9% year to year in the current season for financial year 2019 driven by lower sowing in states like Maharashtra, Karnataka, Andhra Pradesh and Gujarat. These states had witnessed deficient rainfall during the kharif season and low reservoir levels in the rabi season. The sowing levels for rice witnessed a remarkable uptick towards the end of rabi season with increased sowing reported from Bihar and West Bengal, while all other major crops witnessed a decline in sowing during the current rabi season.

International Urea prices have been trending above five-year average of $254/MT since August 2018 driven by elevated coal and natural gas prices, lower Chinese exports and sanctions on Iran. International Urea prices have started moderating as the global market is witnessing a supply glut while demand continues to remain tepid. India has already imported its requirement for the current season while demand from the US remains slow. Despite Chinese operating rates witnessing slight improvement, the competitiveness in the international market remains weak as Chinese producers focus on domestic market. As a result, prices have started moderating and are expected to moderate in the near term. Going ahead with the commissioning of Chambal Fertiliser's brownfield expansion, availability of domestic Urea will improve resulting in lower import dependence for India and thus may lead to a downward bias on International Urea prices.

International DAP prices have been trending around $400/ MT for the past 12 months. Production curtailments and slower ramp up of new capacities coupled with healthy demand and rising raw material prices resulted in higher DAP prices. Prices have started moderating in Q4 FY 2019 as the this was an offseason in most of the agricultural regions. International DAP prices are expected to remain firm with a marginal upward bias given the announcement of production cuts by Mosaic Inc US. The company announced reducing its phosphate production by around 0.3 MMT for the upcoming season to support the phosphatic prices.

The upward revision in the budgetary provision for the fertiliser subsidy for financial year 2019-20 to ₹749.9 Crore (BE) is positive for the fertiliser sector. The subsidy allocation for indigenous Urea has been increased to ₹400 billion in financial year 2019-20 from ₹349.9 billion in financial year 2018-19, which will be sufficient to meet the subsidy requirements for the production to be undertaken by plants being commissioned under the New Urea Investment Policy-2012 (NIP-2012) in the upcoming year. The subsidy allocation for imported Urea has been kept unchanged, at ₹136.3 Billion (BE) in financial year 2019-20 vis-à-vis ₹133.6 Billion, which is expected to provide flexibility to the GoI in terms of subsidy allocation as Urea imports are set to decline from financial year 2020 onwards. The subsidy allocation for the P&K fertiliser has been reduced to ₹238.3 billion (BE) in financial year 2019-20 from ₹250.9 billion (RE) in financial year 2018-19. The reduction in P&K subsidy comes as a surprise when the raw material prices particularly Phosphate (P), Potash (K) and Sulphur (S) have witnessed a steep increase. As a result, the retail price of P&K fertiliser increased by ~25-30% year to year in the current rabi season. While the budgetary allocation for the fertiliser sector may have increased by ~₹50 Billion, the subsidy backlog is expected to remain significant, exceeding ₹300 Billion, at the end of FY 2018-19, which continues to impact the liquidity position of the fertiliser companies.

The subsidy rates for the Phosphatic & Potassic (P&K) fertilisers for financial year 2020 have been retained at the same level as that of financial year 2019 on a provisional basis. The final rates will be announced later by the CCEA and any differential in payment of subsidy will be made or absorbed from companies as per the final rates. The continuation of the subsidy levels as the previous year will keep the retail prices near about at current levels with marginal moderation given the appreciation of the INR against the US dollar. The final announcement for the subsidy rates is expected to be made post completion of the Union Elections in May 2019.

STRENGTH, WEAKNESS, OPPORTUNITIES & THREATS

Strengths

(i) Your Company's strength lies in its skilled manpower, high Brand Equity of its Products such as Ujjwala, Suphala, Microla, Biola, and Sujala and diversified product portfolio of fertilizers and chemicals.

(ii) The wide reach of marketing network ensures that your Company can take its products to the farthest corner of the country.

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

(iv) The Farmer's Training Institutes at Thal and Nagpur are helping in a big way to educate farmers on latest farming techniques. Also Company has been operating toll free help line number called

"Kisan Care" through which farmers can approach agriculture experts and get their queries addressed.

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

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

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

Weaknesses

(i) The Plants have been in operation for a very long time and needs significant investment for upkeep and upgradation.

(ii) As the ultimate customers of the Company are farmers, agro-climatic condition has a large effect on the performance of the Company.

(iii) Raw material such as Rock Phosphate, MAP, DAP and Potash (MOP) etc. required in the manufacturing of the complex fertilizers has to be imported. Their procurement cost is subject to severe volatility in global raw material prices and variation in the foreign currency exchange rates affecting the profitability of the Company.

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

(v) Owing to inflow of cheaper imports, some of the products like ANP 20:20:0, Methanol, Dimethyl Formamide, Formic Acid, etc. have become economically unviable.

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

(vii) Reduction in supply of Domestic gas leads to increase in consumption of imported RLNG at higher cost.

Opportunities

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

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

iii) Alternate feedstock such as Coal gives an opportunity for undertaking Fertilizer Projects in other parts of the country closer to coal mines based on latest coal gasification technology.

iv) Experienced and Skilled Manpower of your Company has been in demand for rendering O&M services in India and abroad. In view of your Company's training facilities, as well as the available skilled Engineers and Technicians, your Company is in a position to impart training to many foreign and Indian Companies.

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

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

Threats

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

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

(iii) The industrial chemicals business is also exposed to cut throat global market competition.

(iv) Department of Fertilizers (DoF), Government of India, is under the process of implementing a move to mop up the unintended gains that the fertilizer units are making in nutrient "N" by use of APM/ RIL gas for manufacturing of P&K fertilizers with retrospective effect from 01.04.2010. This, if implemented, will not only have adverse impact on the profitability but also operational viability of the Company. Your Company has made suitable representation to the DoF on this issue.

(v) Uncertainty in government policies in respect of supply of feed stock gas, pricing of fertilizers and subsidy thereon also affect the performance and competitiveness of the Company.

(vi) Gas Pooling Mechanism for Urea production is adding to the interest burden on the Company.

OUTLOOK

GoI approved ₹10,000 Crore Special Banking Arrangement for the fertiliser sector for meeting the subsidy requirement for FY 2019- 20. The GoI will bear the interest costs up to 7.72% p.a. and 0.48% p.a. to be borne by the respective fertiliser companies. The special banking arrangement helps in reducing the interest outgo for a short period of time and is paid out by GoI within 60 days of disbursement using the proceeds from the next fiscal's subsidy budget. Thus, it essentially remains a stop gap arrangement and does not resolve the issue of the subsidy backlog for the industry.

The domestic gas price is expected to rise for financial year 2019-20 given the increase in the international gas prices in the recent months, to which the domestic gas price is benchmarked. Though domestic gas price is expected to rise, the R-LNG prices have softened to a large extent and are expected to moderate further in the near term. Imported R-LNG prices had been on an uptrend driven by strong Chinese demand as the country partly replaced coal with natural gas as a key source of energy to combat pollution. However, as we move forward, R-LNG prices are expected to moderate given the forecast of a warmer winter in northern hemisphere, falling crude oil prices and high LNG storage levels in Japan, China and South Korea.

An analysis of the financial performance of the companies indicates an increase in the operating profit primarily driven by the chemical segment which offset the weak profitability from the fertiliser segment. The fertiliser segment witnessed softening of the profitability owing to rising raw material prices and currency depreciation. Chemical segment witnessed tailwinds from currency depreciation and healthy demand leading to improved contribution from the chemical segment.

Performance of Urea players is expected to remain stable in the upcoming year, with pooled price expected to moderate given the steep fall in the R-LNG prices which should offset the expected increase in the domestic gas price for H1 FY 2020. The performance of P&K players has been impacted by the rising raw material prices and currency depreciation in FY 2019-20. However, as the year comes to close, the currency has cooled off to a certain extent while raw material prices have also stabilized.

There remains uncertainty over the impact of El-Nino on the upcoming monsoon season, as the reported probabilities for the El-Nino phenomenon and its strength have been unclear so far. In case of a strong El-Nino impact on monsoons the agri stress developed in the current year could carry over and impact the overall agricultural economy. While fertiliser sales volume have had a weak correlation with the strength of monsoons in the past, the profitability of the sector could certainly come under pressure. In case of a normal monsoon with an equitable distribution across the country, ICRA expects the agri economy to witness a positive uptick which will be positive for agri-input industries like fertiliser, agrochemicals etc. Thus, ICRA maintains a stable outlook on the sector for the upcoming kharif season.

RISK AND CONCERNS

1. Imbalance use of fertilizers
2. Skewed pattern of fertilizer use
3. Inadequate use of secondary and micro nutrients
4. Deterioration in soil health
5. Decline in fertilizer use efficiency

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has a well-defined Internal Control System that is adequate and commensurate with the size and nature of its business comprising Internal Auditors, which conducts internal audit of various operational and financial matters on on-going basis. M/s Bandyopadhyaya Bhaumik & Co. & M/s. Amit Ray & Co., Internal Auditors has been appointed as Internal Auditors of the Company for the year 2018-19. In house Internal Audit Department is headed by MBA in the rank of Deputy General Manager having adequate number of financial and technical personnel. The recommendation and observations of the Internal Auditors are reviewed regularly by the Audit Committee constituted by the Board of Directors. As required by the Companies Act, 2013, the Audit Committee has formulated the Scope, Functioning, Periodicity and Methodology for conducting the Internal Audit and informed to the Board of Directors. The adequacy & operational effectiveness of Internal Financial Controls over Financial Reporting has been reviewed by the Audit Committee. The performance of the Company is regularly monitored by the Board of Directors.

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

SEGMENT – WISE PERFORMANCE

The segment wise performance of the Company is as under:

Fertilizer

Your Company produces fertilizers such as Urea (Nitrogenous Fertilizer) at both Trombay and Thal Unit, and Suphala 15:15:15 (NPK Fertilizer), Biola (Bio fertilizers), Microla (micronutrient fertilizer) and Sujala (100% water soluble fertilizer) at its Trombay unit.

During the year, Company has produced 23.75 LMT of Urea compared to 25.02 LMT produced during the previous year. Company has also produced 5.61 LMT of Suphala 15:15:15 as compared to 4.78 LMT produced during the previous year. In terms of Nutrients, your Company has produced 11.77 LMT of "N", 0.84 LMT of "P2O5" and 0.84 LMT of "K2O" as compared to 12.23 LMT of "N", 0.72 LMT of "P2O5" and 0.72 LMT of "K2O" respectively during the previous year.

In addition to above, your Company has produced 73.14 KL of Biola, 264.55 KL of Microla and 3600 MT of Sujala as compared to 66.32 KL of Biola, 223.88 KL of Microla and 1396 MT of Sujala respectively during the previous year.

Industrial Products

Your Company produces industrial chemicals at its both units. During the year, your Company produced approx. 2.27 lakh MT of various major industrial chemical products as against approx. 1.95 lakh MT during the previous year. Your Company produces, amongst others, Methanol, Conc. Nitric Acid, Sodium Nitrate / Nitrite, Methylamines, DMAC, Formic Acid, Argon, AN Melt etc.

PRICING POLICY

Urea

In case of Urea, the farm-gate price is notified by the Government from time to time, so also the dealer's margins are indicated. The concessions to the units are given under various policies from time to time. Effective from 1st June 2015, Urea is governed by New Urea Policy 2015 (NUP 2015) under which units are divided into three groups based on preset energy norms. As per NUP 2015, energy norms have been tightened focusing on energy reduction being achieved by Urea units and further tightened from 1st April 2018 in respect of its Thal unit. As regards Trombay in it is expected to be tightened from 1st April 2020. For production beyond the Re-assessed capacity (RAC) i.e. 100% of capacity, the unit will be entitled for the respective variable cost and uniform Per MT incentive equal to the lowest of Per MT fixed cost of all the indigenous Urea units subject to maximum of Import Parity Price (IPP) plus weighted average of other incidental charges which the Government incurs on imported Urea.

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

The year witnessed a steep increase in the pool price of Gas for Urea. Though IPP of Urea also increased, it was not proportional to the increase in the cost of gas. Compensation for production beyond RAC was not increased suitably by increasing the component of other incidental charges (Central Government levies) impacting economics of the said production.

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

P&K Fertilizers

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

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

Direct Benefit Subsidy (DBT)

Effective from February, 2018, settlement of subsidy under DBT has been rolled out on PAN India basis. While DBT based subsidy is certainly contributing to rationalisation of subsidy bill of Government of India and also enable in targeted disbursement of subsidy, however, since availability of stocks all over the year needs to be ensured this is straining the working capital of fertilizer companies as erstwhile they were being compensated based on receipted despatches. Further DBT subsidy settlement has been delayed due to exhaustion of Government Budgeted allocated towards Fertilizer Subsidy leading to higher Working Capital and increased finance costs.

Impact of Government Policies on IPD Marketing

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

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

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

DISCUSSON ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Review of the Financial Performance

During the year, your Company achieved Revenue from Operations of ₹8,885.47 Crore as against ₹7281.96 Crore in previous year (PY). Profit Before Tax (PBT) during the year, stood at ₹235.25 Crore as against ₹128.22 Crore mainly on account of higher sales & margins of Complex Fertilizers, Industrial and traded products. Profit After Tax (PAT) stood at ₹139.17 Crore as against ₹78.80 Crore. Net Income of ₹23.44 Crore towards value of Development Right Certificates received/ receivable towards surrender of land during current year and downward revaluation of Development Right Certificate received/ receivable in previous year, has been reported as exceptional item.

Your Company achieved sales volume of 30.49 lakh MT during 2018-19 as compared to 30.65 lakh MT during the previous year. The total sale of manufactured fertilizers during 2018-19 was 29.15 lakh MT as against 29.82 lakh MT during the previous year. Sales of manufactured fertilizers registered reduction of 2.21 % over previous year owing to lower production of Urea due to planned shutdowns for hooking up various energy saving schemes.

Your Company produced 29.36 lakh MT of fertilizers (23.75 lakh MT of Urea & 5.61 lakh MT of Suphala 15:15:15) during the year as against 29.80 lakh MT of fertilizers (25.02 lakh MT of Urea & 4.78 lakh MT of Suphala15:15:15) produced during the previous year.

Energy Consumption

The energy consumption achieved during the year ended 31st March 2019 as compared to the year ending 31st March 2018 has been given below:

Gcal/MT

Plant	For the year 2018-19	For the year 2017-18
Ammonia Trombay-V	8.882	8.727
Ammonia Thal	8.184	8.351
Urea Thal	5.661	5.922
Urea Trombay	6.937	6.728

Energy efficiencies at Thal Unit was better as compared to the corresponding period of the previous year due to due energy savings schemes implemented. At Trombay Unit energy efficiency was higher as compared to the corresponding period of the previous year due to unplanned shutdowns taken during the year.

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

TRAINING AND DEVELOPMENT

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

Employee development encompasses growth of the employee at their professional and personal level. Functional, Managerial and Behavioral training is imparted to sharpen their professional growth and for personal growth. Your organization not only emphasizes on Employee Development but also on enhancing skills of family members, which works on Financial, Health and Spiritual well-being.

All the employees of your Company are being sensitized through the Online training module on ‘Sexual harassment of women at workplace’. A policy in this regard has also been issued by your company.

Your Company has been identified as one of the Centres of Excellence in India by Ministry of External Affairs. Under the stream, 'Agriculture, Food and Fertilizers', along with other 6 Institutes, yours is the only PSU registered to conduct the Certificate Course in Sewage Treatment Process, Certificate Course in Fertilizer Technology and Certificate Course in Fertilizer Quality Control for the International Participants from Developing Countries.

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

Two Batches of 10 days Entrepreneurship Development Program were arranged in your Company free of cost with a view to nurture the talent of SC /ST youth by enlightening them on various aspects of industrial activity required for setting up MSME (Micro, Small and Medium Enterprises).

Your Company also organizes Monthly Inspirational Lecture Series (Motivational Talk Series) to encourage employees to get their goals and commit them to the work, and to benefit the RCF employees, and the citizens in the vicinity.

INDUSTRIAL RELATIONS

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

Wage Revision of officers and workers was implemented successfully w.e.f. 01.01.2017 and it will be effective for a period of 10 years.

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

Your Company has 3112 employees comprising 1500 Officers and 1612 non-officers as on 31st March, 2019 compared to 3337 employees (1591 officers and 1746 non-officers) as on the corresponding date of the previous year.

During the year, 23 employees have joined your company which includes 1 Chief Medical Officer, 1 Chief General Manager (Corp.), 1 Managers (Legal), 1 Sr. Officer (Legal), 10 Officers (Finance), 2 Officers (Safety) and 1 Chief Vigilance Officer, 6 Boiler Operator Gr. III.

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

Your Company has celebrated "International Yoga Day" at RCF Community Hall, Kurul township, Pragati Hall, Thal and also at RCF Trombay Unit at Factory Safety Meeting Hall, Factory Canteen and at Youth Council.

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

Your Company has conducted medical check up for employees.

MATHADI CONTRACT LABOUR MANAGEMENT

Management strongly believes in continuous dialogues and meetings with Unions of Contract Labours. Mutual Trust & Transparency are the key-factors in co-ordinal Industrial relations.

Statutory Routine inspections by Enforcement Officer of PF & ESIC were carried out.

We adhere to all relevant statutory requirements and abides by all applicable laws to contract labour. We work towards ensuring safe working conditions and fair wages to all including contract labour employed with Contractors of RCF.

GRIEVANCE REDRESSAL

A system of Grievance Redressal Mechanism is functioning through dedicated HR Officers. Designated Plant Coordinators & Welfare Officers for the purpose of prompt redressal of Employees Grievances act in a proactive manner. There is a 'three tier system' in existence through which the employees' grievances are sorted out. It helps in achieving the objective of Employees' Satisfaction Enhancement within guidelines and is also develop Trust/ confidence in the system and department. Also SC/ST and PWBD employees have special Grievance Redressal System as per Statutory requirement.

WELFARE AND SPORTS

Your Company undertakes several welfare schemes in the field of education, medical, transport, housing etc. In regards to sport, your Company is a prominent patron and sponsors various sports events. Dr. Babasaheb Ambedkar T-20 Corporate Cricket Tournament was successfully organized in month of March/April 2019 for Group B Division teams. Annual Sports were organized for employees and their family members in the month of January 2019. Summer Camps were organized in the month of May 2018 for the children of the employees.

EMPLOYMENT OPPORTUNITY TO WEAKER SECTION

The guidelines in respect of reservation in recruitment and promotion of SC/ST, OBC, Ex-servicemen and Persons with Disabilities are followed by your Company. As on 31st March, 2019, your Company has on its rolls, 457 employees belonging to Scheduled Caste, 224 belonging to Scheduled Tribe and 406 Other Backward Classes.

Your Company is committed to the welfare of the backward classes in general and SC/ST employees in particular. Regular meetings are held with SC/ST Employees Welfare Association to address grievances, if any, and for providing guidance for development.

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

Your Company has celebrated 127th Birth Anniversary of Dr. Babasaheb Ambedkar in both Buddha Vihar, Chembur and Thal, Alibag, Kurul Colony. The programmes such as puja and lunch were organised.

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

Woman Achievement

As per the directions of the Ministry, RCF WIPS (Women in Public Sector) CELL is formed in your Company which caters to the needs of female employees and meets on Quarterly basis to discuss the issues/initiatives like programme on mentoring, welfare measures like starting the crèche facility, procuring sanitary napkin's vending machine and recommendations are put up for needful to the concerned.

It is a moment of pride to announce that your organization, has been awarded first prize under the Mini-Ratna category for the Best Activities undertaken for Women Employees by the forum of Women in Public Sector (set up under the aegis of SCOPE). This award was received by your company during the Regional Meet held at Bhopal in December 2018 by the hands of Hon'ble Special DG of Police(MP), Smt. M. Aruna Mohan Rao.

Your Company has also framed its own 'Gender Equality Policy'. With an objective to create awareness amongst all the employees about Gender equality in your organization, "Gender Equality Week" was observed from 23rd to 28th July 2018 wherein different activities like Essay writing, Poster making and Slogan writing contests were organized.

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

Sr. No.	Particulars	2018-19	2017-18 (regrouped)	% Change	Reasons
1	Debtors Turnover (Days)	186.91	143.37	30.37	Increase in Subsidy receivable from DoF
2	Inventory Turnover	38.00	16.03	137.05	Increase in Trading Inventory (in transit stock)
3	Interest Coverage Ratio	2.36	3.05	(22.67)	Increase in Loans due to Capex / Working capital and firming of interest rates
4	Current Ratio	1.34	1.66	(19.32)	Increase in Inventory & Subsidy receivables.
5	Debt Equity Ratio (Long Term Borrowings incl Current Maturities)	0.19	0.14	40.33	Long term loans taken for meeting capex
6	Operating Profit Margin (%)	4.14	2.62	57.81	Better volumes & margins of Complex Fertilizer, Industrial & Traded products. Energy efficiencies at Thal unit.
7	Net Profit Margin (%)	1.57	1.08	44.74	
8	Change in return on Net Worth	4.59	2.69	70.50	

Ratios at 3 & 6 have been calculated excluding exceptional item (Income) of ₹23.44 Crore for 2018-19 (₹0.12 Crore expense in 2017-18).

DISCLOSURE OF ACCOUNTING TREATMENT

The financial statement for the year ended 31st March, 2019 are prepared in compliance with IND AS as prescribed under section 133 of the Companies Act, 2103 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

CAUTIONARY STATEMENT

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

****

ANNEXURE III

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

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

To,

The Members,

Rashtriya Chemicals and Fertilizers Limited

CIN: L24110MH1978GOI020185

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

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

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

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

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

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

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

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

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 #;

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

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

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

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

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018#;

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

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

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

vii. The Fertilizer (Control) Order, 1985.

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

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

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

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

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

In accordance with Section 124 of Companies Act 2013 read with applicable rules, the Company has transferred the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more in the name of Investor Education and Protection Fund on April 25, 2019, however the same was required to be transferred by 27th November, 2018.

We further report that -

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

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

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

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

We further report that during the audit period, the Company has obtained Member’s approval at the Annual General Meeting held on September 26, 2018 pursuant to the provisions of Section 42, 71 and other applicable provisions of the Companies Act, to offer or invite subscriptions for secured non - convertible debentures (NCDs), in one or more series/tranches, aggregating upto Rs. 1,000 Crore on Private Placement.

For **Bhandari & Associates**

Company Secretaries

S. N. Bhandari
Partner
FCS No: 761; C P No. : 366
Mumbai| May 7, 2019

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

'Annexure A'

To

The Members,

RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

CIN: L24110MH1978GOI020185

Our Secretarial Audit Report for the Financial Year ended on March 31, 2019 of even date is to be read along with this letter.

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

For **Bhandari & Associates**
Company Secretaries

S. N. Bhandari
Partner
FCS No: 761; CP. No: 366

Mumbai | May 7, 2019

ANNEXURE IV

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

A. CONSERVATION OF ENERGY

Your Company has taken several steps during the year 2018-19 which has resulted in significant reduction in the energy consumption.

(i) STEPS TAKEN FOR CONSERVATION OF ENERGY

TROMBAY UNIT

➢ **Ammonia I Plant**

- Normal ceiling fans (70 W) replaced with brushless direct current fans (35 W) (total 20 nos.)
- 4 Ata unused steam header trimmed

➢ **Ammonia-V Plant**

- Foam cleaning of CO_2 finned tube cooler fans was carried out in Sept 2018 & Foam cleaning of Benfield cooler fans carried out in Feb. 2019.
- Primary Reformer: burner insulation rectification and additional provision of insulation at burner elbow area of all 504 nos. of burners
- Retrofit of conventional Metal Halide fitting (70W) with LED (36W)

➢ **PHS**

- Performance audit of cooling towers in Ammonia V, Nitric Acid Group & Urea V plants.
- Thermal scanning of boiler No II casing for assessing insulation effectiveness
- Thermal scanning of Ammonia V convection zone casing for assessing insulation effectiveness.
- Lubricating oils of turbo-machines was cleaned.

➢ **Steam Generation Plant**

- Boiler no. 3 HP Heater replaced

➢ **ANP Plant**

- One of three CCT pumps replaced with lower capacity from 1300 M^3 (281 KW) H.T. motor to 500 M^3 (160 KW L.T. Motor) as per process requirement.
- Provision of VFD for dilute AN pump
- Sodium vapour lamps (300 nos) replaced with to LED lamps.

➢ **STP-ETP**

- Holding tank- D, RO reject water pump impeller trimming

➢ **Electrical Workshop/EES**

- Sale of REC for the units generated from 2 MWp solar plant installed at STP plant.
- Procurement, Installation & Commissioning of Rooftop grid Synchronized Solar power Generation system at Technical Building Terrace (75KWp) and AMM-I Rehab Switch Gear (25KWp)

➢ **SAP-CNA**

- Direct supply of SSA from IAT tower circulation pump to CNA plant.
- Energy consumption reduced by application of thermal insulated false ceiling.
- CNA Cooling Tower Pump motor replaced by energy efficient motor.
- Conventional light fittings replaced with LED light fittings

THAL UNIT

➢ **Ammonia Plant**

- Ammonia line –II Regenerator (F-2301) insulation was replaced.
- Vapour Absorption Machine for suction chilling of air in Process Air Compressor Line-I & II were commissioned .

➢ **Urea Plant**

- CO_2 compressor and turbine in Urea-21 & 31 were revamped.
- Vortex Mixer with conversion booster was installed in Urea reactor for Urea-21 and Urea-31.
- Vapour Absorption Machine for suction chilling of CO_2

to CO_2 compressors in Urea Plant was commissioned in January 2019.

- Operating pressure Hydrolyser (R-2) in Urea plants was increased from 22 to 35 Kg/cm^2 by running two P-14 pumps in series.

➢ **EES**

- Old MS rollers for ET16 / ET18 conveyors in bagging plant were replaced with polymer rollers.
- Replacement of old electrical items (Tubes, tube fittings, well glass fittings, street lights, highbay fittings, ACs etc.) with energy efficient equipment's
- Use of energy efficient motor in WTP plant (BPML) for raw water pump-C and installation of VFD for Kurul pump no.3

➢ **OTHERS**

- Gas Turbine of capacity 2 x 25 MW along with 2 x 100 TPH Heat Recovery Steam Generator (HRSG) and associated facilities were commissioned in March 2018.
- NG booster compressor in GT & HRSG was stopped on 28.08.2018 to reduce power consumption.

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

Ammonia Plant

1. Motor driven Ammonia refrigeration compressor (ARC-IV) will be installed in ammonia plant in Oct. 2019 which will replace existing steam driven turbine and compressor (ARC-III) resulting into energy saving of 0.05 Gcal/MT of Urea. Estimated cost of project is ₹32.87 Crore.
2. Gas turbine driven additional process air compressor (PAC-IV) will be installed in Ammonia plant in Oct 2021 resulting into stoppage of existing 2 out of 3 steam driven process air compressors and energy saving of 0.21 Gcal/MT of Urea. Estimated cost of implementation is ₹346.88 Crore.
3. Installation of Natural gas expander machine in Ammonia plant for generating power of 1.2 MW. Energy saving expected is 0.005 Gcal/MT of Urea. NIT has been floated. 3 offers received. Technical scrutiny is in progress. Project is expected to be completed by July 2020.

Urea Plant

Replacement of Ammonia Pump (P-1) Torque converters with VFD in Urea plant for all 9 pumps. Energy saving is expected to be 0.004 Gcal/MT of Urea. Completion is expected by Dec 2020.

(ii) STEPS TAKEN BY THE COMPANY FOR UTILISING ALTERNATE SOURCES OF ENERGY

THAL UNIT

Installation of 30 KWp and 500 KWp solar plant projects were commissioned on 08.10.2018 and 17.03.2019 respectively. Total solar power capacity as on today is 1780 KWp.

(iii) CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENT

The Company has made capital investment of ₹514.57 Crore on energy conservation equipment.

B. TECHNOLOGY ABSORPTION

I. Major efforts made towards technology absorption

Nil

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

Nil

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

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

IV. Expenditure incurred on Research and Development

Sr. No.	Particulars	Amount (₹ in Lakh)
1.	Capital	7.36
2.	Recurring	319.73
3.	Total	327.09
4.	Total R&D expenditure as a percentage of total turnover	0.04%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

i.	Total foreign exchange earned	Nil
ii.	Total foreign exchange outgo	₹1,587.06 Crore

ANNEXURE-V

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2019

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

I. Registration and Other Details

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

II. Principal Business Activities of the Company

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

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Urea	20121	69.04
2.	Complex Fertilizers	20122	15.45
3.	Industrial Chemicals	20119	10.75

III. Particulars of Holding, Subsidiary and Associates Companies

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

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

i) CATEGORY-WISE SHAREHOLDING

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April 2018)				No. of Shares held at the end of the year (As on 31st March 2019)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A) Promoters									
(1) Indian									
(a) Individuals / HUF	-	-	-	-	-	-	-	-	-
(b) Central Govt.	413769483	-	413769483	75.00	413769483	-	413769483	75.00	-
(c) State Govt.	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	-	-	-	-	-	-	-	-	-
(e) Banks/FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub Total (A)(1)	**413769483**	**-**	**441353888**	**75.00**	**413769483**	**-**	**413769483**	**75.00**	**-**
(2) Foreign	-	-	-	-	-	-	-	-	-
(a) NRs-Individuals	-	-	-	-	-	-	-	-	-
(b) Other –Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
Sub Total (A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter(A) = (A)(1) +(A)(2)	**413769483**	**-**	**441353888**	**75.00**	**413769483**	**-**	**413769483**	**75.00**	**-**
(B) Public Shareholding									
(1) **Institutions**									
(a) Mutual Funds	-	4900	-	-	-	4900	4900	-	-
(b) Banks/FI	12986740	-	12986740	2.35	13283596	-	13283596	2.40	0.05
(c) Central Govt.	-	-	-	-	-	-	-	-	-
(d) State Govt(s).	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	6054474	-	6054475	1.10	6054475	-	6054475	1.10	-
(g) FIIs/ Foreign Portfolio Investor	8084621	-	8084621	1.47	7146033	-	7146033	1.30	-0.17
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others(Specify)									
UTI	-	2400	2400	-	-	2400	2400	-	-
Sub Total (B)(1)	**27125836**	**7300**	**27133136**	**4.92**	**26484188**	**7300**	**26491488**	**4.80**	**-0.12**
(2) **Central Government/ State Government(s)/ President of India**									
Sub total (B) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(3) **Non-Institutions**									
(a) Bodies Corporate									
(i) Indian	14821469	8401	14829870	2.69	10632097	8400	10640497	1.93	-0.76
(ii) Overseas	-	500	500	0.00	-	500	500	0.00	0.00
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹1 lakh.	61963625	99424	62063049	11.25	67728506	87567	67816073	12.29	1.04
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	21098992	110800	21209792	3.85	20784101	110800	20894901	3.79	-0.06
(c) Others(Specify)									
Non Resident Indians (Repat)	1859856	827100	2686956	0.49	1984900	827100	2812000	0.51	0.03

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April 2018)				No. of Shares held at the end of the year (As on 31st March 2019)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
Non Resident Indians (Non Repat)	569818	-	569818	0.10	698039	-	698039	0.13	0.03
Foreign Nationals	600	-	600	-	600	-	600	0.00	-
Hindu Undivided Family	5111890	-	5111890	0.93	5940858	-	5940858	1.08	0.15
Clearing Member	4203589	-	4203589	0.76	2354698	-	2354698	0.43	-0.33
Trusts	38600	-	38600	-	49100	-	49100	-	-
Trust Employee	0	-	0	-	3000	-	3000	-	-
IEPF	70817		70817	0.01	70817	-	70817	0.01	-
NBFCs registered with RBI	-	-	-	-	146046	-	146046	0.03	0.03
Sub Total (B)(3)	**68160285**	**1093625**	**69253910**	**20.08**	**109668439**	**1046225**	**110714664**	**20.20**	**0.12**
Total Public Shareholding (B)=(B)(1)+(B)(2)+ (B)(3)	**136865092**	**1053525**	**137918617**	**25.00**	**136876950**	**1041667**	**137918617**	**25.00**	**-**
Total (A)+(B)	**550634575**	**1053525**	**551688100**	**100.00**	**550646433**	**1041667**	**551688100**	**100.00**	**-**
(C) Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A)+(B)+(C)	**550634575**	**1053525**	**551688100**	**100.00**	**550646433**	**1041667**	**551688100**	**100.00**	**0.00**

ii) SHAREHOLDING OF PROMOTERS

Sr. No.	Name of shareholder	No. of Shares held at the beginning of the year (As on 1st April 2018)			No. of Shares held at the end of the year (As on 31st March 2019)			% Change during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	The President of India	413769483	75.00	-	413769483	75.00	-	-
	Total	**413769483**	**75.00**	**-**	**413769483**	**75.00**	**-**	**-**

iii) CHANGE IN PROMOTERS' SHAREHOLDING

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

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

Name of the shareholder	Shareholding at the beginning of the year (01.04.2018)		Shareholding at the end of the year (31.03.2019)	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Life Insurance Corporation of India	1,14,09,167	2.07	1,14,09,167	2.07
The New India Assurance Company Limited	33,03,975	0.60	33,03,975	0.60
Jagdish Amritlal Shah	22,19,000	0.40	22,19,000	0.40
Dimensional Emerging Markets Value Fund	9,26,317	0.17	19,49,382	0.35
Emerging Markets Core Equity Portfolio (The Portfolio) of DFA Investment Dimensions Group Inc. (DFAIDG)	15,56,217	0.28	15,74,929	0.29
Bharat Taparia	9,78,972	0.18	9,61,597	0.17
The Emerging Markets Small Cap Series of the DFA Investment Trust Company	7,68,568	0.14	8,93,387	0.17
MV SCIF Mauritius	11,99,982	0.22	8,76,412	0.16
IL and FS Securities Services Limited	10,15,307	0.18	8,66,246	0.16

Name of the shareholder	Shareholding at the beginning of the year (01.04.2018)		Shareholding at the end of the year (31.03.2019)	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Angel Broking Private Limited	12,40,564	0.22	4,94,255	0.90
Wallfort Financial Services Limited	10,00,000	0.18	0	0

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

i) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sr. No.	Name of the shareholder	Shareholding at the beginning of the year		Date	Increase /Decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Shri Sudhir D. Panadare	200	-	-	-	-	200	-

I. INDEBTEDNESS

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

₹ in Crore

	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	483.23	847.78	-	1331.01
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	1.25	2.18	-	3.43
Total (i+ii+iii)	**484.48**	**849.96**	**-**	**1334.44**
Change in Indebtedness during the financial year				
(i) Addition	2602.41	4365.00	-	6967.41
(ii) Reduction	87.19	4745.51	-	4832.70
Net Change	**2512.22**	**(380.51)**	**-**	**2134.71**
Indebtedness at the end of the financial year				
(i) Principal Amount	2992.95	468.76	-	3461.71
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	6.75	0.69	-	7.44
Total (i+ii+iii)	**2999.70**	**337.06**	**-**	**3469.15**

II. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

In ₹

Sr. No.	Particulars to Remuneration	Shri Umesh V. Dhatrak	Shri Sudhir D. Panadare	Shri Umesh Dongre	Shri K.U. Thankachen (from 11.12.2018)	Total Amount
1	**Gross Salary**					
a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	44,66,577	42,82,101	32,88,621	11,03,144	**1,31,40,443**
b)	Value of perquisites u/s 17(2) Income Tax Act, 1961	5,37,939	5,20,615	4,16,519	97,727	**15,72,800**
c)	Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-	-
2.	**Stock Option**	-	-	-	-	-
3.	**Sweat Equity**	-	-	-	-	-
4.	**Commission**					
	- as % of Profit	-	-	-	-	-
	- others, specify …	-	-	-	-	-
5.	Others i.e. PF, Pension, Leave encashment and medical expenses	4,92,575	6,74,970	5,22,544	89,499	17,79,588
	Total (A)	**54,97,091**	**54,77,686**	**42,27,684**	**12,90,370**	**1,64,92,831**
	Ceiling as per the Act	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**

B. Remuneration to other directors

(in ₹)

Sr. No.	Particulars to Remuneration	Shri Harin Pathak	Shri G. M. Inamdar	Shri Suryanarayana Simhadri	Prof. Anil .K. Singh (from 7.03.2019)	Dr. Shambu Kumar (from 7.03.2019)	Total Amount
1	**Independent Directors**						
	• Fee for attending board / committee meetings	3,80,000	6,40,000	5,55,000	25,000	50,000	16,50,000
	• Commission	-	-	-	-		-
	• Others, please specify	-	-	-	-		-
	Total (A)	**3,80,000**	**6,40,000**	**5,55,000**	**25,000**	**50,000**	**16,50,000**
2	**Other Non-Executive Directors**						
	• Fee for attending board / committee meetings	-	-	-	-		-
	• Commission	-	-	-	-		-
	• Others, please specify	-	-	-	-		-
	Total (2)	-	-	-	-		-
	Total (B)= (1+2)	**3,80,000**	**6,40,000**	**5,55,000**	**25,000**	**50,000**	**16,50,000**
	Total Managerial Remuneration(A+B)	-	-	-	-	-	**1,81,42,831**
	Overall Ceiling as per the Act	N.A.	N.A.	N.A.	N.A.		N.A.

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

(in ₹)

Sr. No.	Particulars to Remuneration	Shri J. B. Sharma, Company Secretary
1	**Gross Salary**	
a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	19,25,100
b)	Value of perquisites u/s 17(2) Income Tax Act, 1961	2,42,360
c)	Profits in lieu of salary under section 17(3) Income tax Act, 1961	-
2.	**Stock Option**	-
3.	**Sweat Equity**	-
4.	**Commission**	
	- as % of Profit	-
	- others, specify …	-
5.	Others i.e. PF, Pension, Leave encashment and medical expenses	1,94,036
	Total	**23,61,496**

III. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

It may be noted that RCF has received letters from BSE Limited and National Stock Exchange of India Limited informing levy of Penalty for non-compliance of provisions of Regulation 17 (1) (b) of SEBI (LODR) Regulations i.e. for not having required number of Independent Directors on the Board (considering Chairperson of the Board being Executive Director) for the quarter ended September 2018, December 2018 & March 2019. In this regard the Company has requested the Stock Exchanges for waiver of fine levied, as RCF being a Government Company, the power to appoint Directors (including Independent Directors) and terms and conditions of appointments etc. vests with Government of India and such non-compliance is not due to any negligence/default by the Company.

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L24110MH1978GOI020185.
2. Name of the Company: Rashtriya Chemicals and Fertilizers Limited
3. Registered address: "Priyadarshini", Eastern Express Highway, Sion, Mumbai- 400 022.
4. Website: www.rcfltd.com
5. E-mail id: investorcommunications@rcfltd.com
6. Financial Year reported: 1st April, 2018 to 31st March, 2019
7. Sector(s) that the Company is engaged in (industrial activity code-wise)

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

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

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	₹551.69 Crore
2	Total Turnover (INR)	₹8,965.14 Crore
3	Total profit after taxes 2018-19 (INR)	₹139.17 Crore
4	Total budgeted expenditure on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	CSR spend, as per Section 135 read with Schedule VII of the Companies Act, 2013, is ₹3.88 Crore (i.e. 2% of the average profit for last three years)
5	List of activities in which expenditure in above has been incurred	i) Education ii) Promoting health care iii) Sanitation iv) Promoting rural sports v) Eradicating malnutrition by providing quality food in school vi) Livelihood enhancement project vii) Supply of drinking water to villages

SECTION C: OTHER DETAILS

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

   The Company does not have any subsidiary.

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

   Not Applicable

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

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

SECTION D: BR INFORMATION

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

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

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

- Details of the BR head

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

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

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

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

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

P3 Businesses should promote the wellbeing of all employees;

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

P5 Businesses should respect and promote human rights;

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

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

P8 Businesses should support inclusive growth and equitable development;

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

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

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for ….	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		RCF being Public Sector Enterprise is governed by policies, circulars, guidelines, procedures issued by the Government of India. The policies have been formulated after wide consultations and discussions amongst all the relevant stakeholders. In the dynamic business environment, RCF reviews its business policies and practices from time to time.								
3.	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		a. Section 135 of the Companies Act, 2013 and CSR Rules thereof, DPE guidelines on Corporate Social Responsibility and Sustainability of 2014, DPE Guidelines on R & D Governance, SEBI(LODR) Regulations, PIDPI Resolution No.89 of GOI etc. b. Health, Safety and Environmental Policy c. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 d. ISO14001 Environmental Management System e. ISO 9001 for quality f. OHSAS 18001 for Occupational Health and Safety g. ISO 50001:2011 for Energy Management System h. ISO 27001- for Information Security Management i. Protect & Sustain Protocol for Stewardship (As recognised by IFA)								
4.	Has the policy being approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	If yes, has it been signed by MD/owner/ CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y

6.	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The following policies relevant to external stakeholders are hosted on RCF website- www.rcfltd.com, under heading: About us, sub heading : Policies a. Code of conduct for Board Members and Senior Management Personnel b. Fraud Prevention Policy c. Protect and Sustain Policy d. E waste Policy e. Quality, Environment, Health and Safety Policy f. Research and Development Policy g. Health, Safety and Environmental Policy h. Energy Policy i. IT Policy j. Constitutional of Internal Complaints Committee on post notification of Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace k. Dividend Policy l. Policy of Determination of Material and Price Sensitive Information and Disclosure Obligations m. Policy for determination of Material Subsidiary n. Policy for prevention of insider trading in the securities of the Company o. Whistle Blower Policy p. CSR Policy q. RCF guide to the safe use of fertilizers and equipments on farm r. Board Diversity Policy								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	RCF's policies are not audited /evaluated by external agencies. However, as per statutory guidelines and business requirement, policies are amended from time to time.								

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

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

1. **Governance related to BR**

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

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

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

   RCF has started publishing Business Responsibility Report since 2014-15. The Business Responsibility Report can be accessed from the link: http://www.rcfltd.com/index.php/en/social-responsibility/sustainability-reports

SECTION 3 – PRINCIPLE WISE PERFORMANCE

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

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

   No

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

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

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

   The details of complaints received from various stakeholders during the financial year 2018-19:

Stakeholder	No. of Complaint received	No. of Complaint resolved	% Re-solved
Shareholder's Complaints	1	1	100
Customers/Consumers	15	15	100
Related to services, tenders and through Public Grievance Redressal	18	18	100
Vigilance	33	21	63.63
RTI	141	136	96.45
Workers Grievance	51	46	90.20

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

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

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

   a) Neem Urea

   b) Suphala 15:15:15

   c) Sujala 19:19:19,

   d) Biola,

   e) Microla

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

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

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

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

At Thal, reduction of 0.306 Gcal per MT of Urea energy and 0.167 Gcal per MT of Ammonia energy was achieved during the year 2018-19 as compared to year 2017-18. Also, reduction in water consumption by 0.284 M^3 per MT of Urea production was achieved at Thal Unit in 2018-19 compared to 2017-18.

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

Farmers Pan-India procures fertilizers for agriculture. The reduction in energy and water due to total consumption of fertilizers of company is not readily available, due to its widespread consumption in almost all states.

During 2018-19 company had undertaken Live Field Demonstrations in 291 agriculture plots to tests RCF's products efficiency & effectiveness on Vegetables, Sugar cane, Cotton & Fruit crops.

In case of use of drip irrigation methods in these plots, the water consumption reduced to approximately 50% with enhanced yield of crops.

Farmers in almost all the states purchase fertilizers for agriculture.

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

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

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

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

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

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

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

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

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

Yes, Company has mechanism and facility to recycle its fertilizers in its production plants, in case it is damaged during storages/handling & spillages. Company effectively works on business sustainability by implementing "reduce, recycle and reuse" concept for effective waste management. During the year 2018-19, entire damaged/contaminated, swept Suphala fertilizer (0.65% of total Suphala production) was recycled in the plant through innovative design of the plant. 100% of swept Urea generated in Urea Bagging plants which is collected from floor & equipment cleaning is recycled back. Most of our hazardous waste viz; spent catalyst & used/waste oil is recycled and sent to CPCB/MPCB approved recyclers. The sludge from Effluent Treatment plant is recycled in fertilizer plant. The Sulphur sludge generated in Sulphuric acid plant is used as filler in Suphala manufacturing. It reduces raw material consumption and provides additional nutrients to the plant as elemental Sulphur.

Principle 3: Businesses should promote the wellbeing of all employees

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

   The total number of employees as on 31.03.2019 are 3112.

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

   The total number of employees hired on temporary/ contractual/ casual basis as on 31.03.2019 are 1213.

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

   The total number of permanent women employees as on 31.03.2019 are 216.

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

   The total number of employees with disabilities as on 31.03.2019 are 40

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

   There are 3 registered Trade Unions which are representing workers i.e

   RCF Karmachari Sena, RCF Employees Union & RCF Karmachari Sangh. RCF Karmachari Sena has the majority members as per the Check off system. Further RCF Officers Association represents the officers of the Company.

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

   Around 45% of Unionised Category employees are members of Recognised Union i.e. RCF Karmachari Sena.

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

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

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

Sr. No.	Safety & Skill Up gradation Training	Total Em-ployees	Employees Trained		% Employees Trained	
			Safety	Skill Upgra-dation	Safety	Skill Up-gradation
1	Permanent Employees	1202	771	4980	64.14	414.31
2	Permanent Women Employees	36	16	258	44.44	716.67
3	Casual/ Temporary/ Contractual Employees/ College Students	903	309	594	34.22	65.78
4	Employees with Disabilities	8	4	8	50	100

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

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

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

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

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

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

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

Principle 5: Businesses should respect and promote human rights

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

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

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

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

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

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

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

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

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

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

   RCF has started publishing Business Responsibility Report since 2014-15. The Business Responsibility Report can be accessed from the link: http://www.rcfltd.com/index.php/en/social-responsibility/sustainability-reports

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

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

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

   At present efforts are maintained to use clean fuel and optimize process control due to which consumption of natural resources and generation of waste reduced thereby reducing emissions in upcoming GT-HRSG project and in existing plants.

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

i) Process water requirement at Trombay is met through water generated by treating municipal sewage at Sewage Treatment Plant (STP). This sewage, otherwise would have been discharged into sea with minimum treatment. During the year 2018-19, about 84% of process water requirement was met though STP water.

ii) Renewable Energy:

Aggregate of 4.01 MWp Solar Power Generation facilities. During the year 2018-19, 4835 MWh of Solar Power was generated.

iii) Energy Saving & Clean Technology:

RCF have implemented following energy reduction schemes thereby improving energy efficiency.

- 2 x 25 MW Gas Turbine Generator (GTG) with Heat Recovery Steam Generator (HRSG) project for energy saving is commissioned at Thal Unit.
- Installation of Vortex mixer and conversion booster in Urea Reactor at Thal Unit.
- Revamp of CO_2 Compressor and Turbine at RCF Thal unit.
- VAM for Process Air Compressor at Thal Unit
- VAM for CO_2 Compressor at Thal Unit

RCF is in process of implementing following energy saving scheme:

- 2 x 25 MW Gas Turbine Generator (GTG) with Heat Recovery Steam Generator (HRSG) project for energy saving is under implementation at Trombay Unit.
- Ammonia V PAC & CO_2 compressor internals & turbine replacement at Trombay.
- Installation of New Process Air Compressor (PAC-IV) at Thal unit
- Revamp of Ammonia-V plant through KBR for energy saving.
- Revamp of Urea-V plant through Casale for energy saving.
- VFD for High Pressure Ammonia Feed Pump at Thal Unit
- New Sewage Treatment Plant at Trombay Unit.

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

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

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

Nil.

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

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

Yes, your Company is a member of

(a) Fertilizer Association of India

(b) Standing Conference of Public Enterprises

(c) International Fertilizer Industry Association

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

Yes.

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

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

- Governance and Administration
- Economic Reforms, Inclusive Development Policies
- Water and Food Security for the country

- Principles for Sustainable Business
- Energy security

Principle 8: Businesses should support inclusive growth and equitable development

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

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

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

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

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

   Yes. Impact assessment is carried out by M/s Crux Management Services (P) Ltd. an agency appointed by the Company, for CSR activities for the year 2018-19.

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

   The total contribution towards CSR for the year 2018-19 is ₹3.88 Crore. The details of projects have been provided in **Annexure I** of the Directors Report.

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

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

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

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

   Nil

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

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

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

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

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

No consumer survey was conducted during 2018-19 .But to assess the consumer satisfaction trends RCF conducts various Agriculture extension activities Pan-India on regular basis. During these activities our Field Executives interact with the farming community to understand their requirements & seasonal conditions.

The following Agriculture Extension activities are conducted extensively:

- Field farmers training are conducted Pan-India.
- Soil Testing days are organized at the farmer's field during the start of an Agricultural Season.
- Soil samples are collected from the farmers field, the samples are analyzed for NPK & Micro-nutrients (Zinc, Copper, Manganese & Iron).
- Live Field Demonstrations are conducted in the farmers' field.
- RCF conducts 3 days & One day Training sessions at its Knowledge centers at Thal (Raigad District) & at Nagpur. All the expenditures incurred for the farmers travel, boarding & lodging is taken care by RCF.
- In addition to the in-house training programs, Training programs are organized by RCF with local KVK's (Krishi Vigyan Kendras) & Agriculture Universities, for the farming community. These programs are tailor made as per the requirements / requests of the farmers.
- RCF prints & dispatches a very popular Agriculture monthly magazine in Marathi "RCF Sheti-Patrika". 60,000 copies are despatched free of cost per month.
- RCF also participates in State / District / Taluka / Village level Agriculture Exhibitions, where farmers are advised on latest Agricultural techniques.
- Krishi Mela / Crop Seminars are regularly organized to guide & update the agricultural knowledge of the local farming community.
- RCF operates Toll Free help line number (1800-22–3044) for farmers.
- RCF has ventured into a relatively new Media platform for Agriculture Industry i.e. "Community Radio" to educate the farmers of a specific area about latest agricultural practices and local agricultural problems.
- Community Radio setup serves geographic communities and communities of interest. They broadcast content that is popular and relevant to a local, specific audience but is often overlooked by commercial or mass media broadcasters. Community radio stations are operated, owned and influenced by the communities they serve.

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

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

✓ These centers are helping in - empowering the farmers.

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

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

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

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

****

CORPORATE GOVERNANCE REPORT

RCF'S PHILOSOPHY ON CODE OF GOVERNANCE

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

BOARD OF DIRECTORS

Composition of the Board

Your Company being a Public Sector Undertaking, the Directors are appointed/ nominated by President of India. As on 31.03.2019, the Board comprises Eleven Directors out of which Four are Executive Directors, two are Government Nominee Directors and Five are Independent Directors. The present Non-executive Directors and Independent Directors have been on the Board of other Companies and have rich experience in managing the business. The whole-time functional Directors are professionals in their respective fields having long and varied experience in varied Industries.

As on 31.03.2019 Board comprised of the following members:

Shri Umesh V. Dhatrak, Chairman & Managing Director

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

Shri Dhatrak is Bachelor of Engineering (Mech.) from College of Engineering, Pune in 1981. He joined the Company in August, 1981 as Management Trainee and rose to the post of Chairman & Managing Director. In his long career spanning more than 37 years, he has worked in various capacities in Technical Services, Ammonia plants, Urea Plant & Power Plant, Steam Generation Plant, Bagging, Plant Health Services Dept. etc. and in development of the projects of the Company.

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

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

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

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

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

Shri Sudhir D. Panadare, Director (Technical)

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

Shri Panadare is Chemical Engineer from University Department of Chemical Technology, Mumbai (now known as Institute of Chemical Technology). He is also a certified Energy Auditor by Bureau of Energy Efficiency (BEE). He joined the Company in year 1981 as Management Trainee and rose to the post of Director (Technical). In his long career spanning more than 37 years, he has worked in various capacities in Technical Services, Ammonia plants, Urea Plant & Chemical Plants etc. and in development of the projects of the Company.

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

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

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

Shri Umesh Dongre, Director (Finance)

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

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

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

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

Shri K. U. Thankachen, Director (Marketing)

Shri K. U. Thankachen has taken over as Director (Marketing) of Rashtriya Chemicals and Fertilizers Limited on 11th December, 2018.

He is MBA with specialisation in Marketing from Department of Commerce & Management Studies, University of Calicut in the year 1986. Shri Thankachen is a seasoned professional in the field of logistics and warehousing with over 30 years of experience. He started his career with Airports Authority of India in the year 1987 and joined Container Corporation of India Ltd. in the year 1995. He has held various important positions in Marketing, Commercial and Operations functions within CONCOR. He was posted as Chief General Manager, Central Region of CONCOR at Nagpur having jurisdiction of 5 terminals at Nagpur, Bhusawal, Aurangabad, Raipur and Mandideep from September, 2010 to April, 2012. Thereafter, he was posted as head of the largest Inland Container Depot in Asia at Tughlakabad, New Delhi from April, 2012 to September, 2013.

Prior to joining Director (Marketing), Shri Thankachen was Managing Director of Central Railside Warehouse Company Limited. He attended a one year international management programme organised by International Centre for Promotion of Enterprises, Ljubljana, Slovenia.

Ms Alka Tiwari, Government Nominee Director

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

Ms Gurveen Sidhu, Government Nominee Director

Ms Gurveen Sidhu is Government Nominee Director on the Board of the Company w.e.f. 18th May, 2018. Ms. Sidhu is 1995 batch IA&AS officer presently posted as Joint Secretary, Department of Fertilizers. She has done Chartered Accountant and Certified Internal Auditor. Prior to this, Ms Sidhu was Account General (Economic and Revenue Sector Audit), Gujarat. She has a rich experience of working in the fields of revenues of union and states, public sector undertaking, environmental and its conservation related activities, budgetary control and financial management etc. She has represented Comptroller and Auditor General of India (C & AG) on various Committees on Institute of Chartered Accountants of India (ICAI), Delhi. She also headed the Strategic Management Unit of C & AG. She was Technical Team Member in the C & AG team that presented the successful bid for audit of WIPO, Audit of Indian Embassies in Europe and Central Asia. She has knowledge of International and domestic Accounting and auditing standards, principles and practices for both Public and Private Sector.

Shri Harin Pathak, Independent Director

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

He is an eminent parliamentarian and had been elected to the Lok Sabha for a period of 7 terms in between 1989 and 2014. He has served as Minister of State for Defence Production & Supplies, Union Minister of State for Home Affairs and had additional charge as Minister of State in the Ministry of Personnel, PG and Pensions. He has served as Chairman & member of various committees of Lok Sabha. As a member of the Lok Sabha for over two and a half decades, he has shown out as a brilliant, scholarly and ever vigilant parliamentarian not only for Gujarat but also for whole country, raised various problems of the employees of clothing mills and related problems and pursued them till their settlement. For these services towards the causes of down trodden, the oppressed and distressed for the last 25 years, he was presented the prestigious Janseva Award in 1994 by the Janseva Youth Welfare Society, Gujarat Pradesh. He is also the recipient of 'Giant International Award' by Giants Group of Ahmedabad, North in 1998. He has written several short stories, poems and ghazals.

Shri G. M. Inamdar, Independent Director

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

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

Shri Suryanarayana Simhadri, Independent Director

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

Prof. Anil Kumar Singh, Independent Director

Professor Anil Kumar Singh is appointed as an Independent Director on the Board of the Company w.e.f. 7th March, 2019.

Professor Anil Kumar Singh (Ph.D. IIT Kanpur, 1978) has been associated with IIT Bombay since January 1983 in various capacities. He has also served in administrative capacity in other higher education and research institutions in India like Director of Regional Research Laboratory (CSIR) Jorhat and Vice-Chancellor of Bundelkhand University and University of Allahabad.

With teaching/research/administrative career spanning over more than three and half decades, Prof. Singh embodies wealth of expertise and experience of research in chemical and allied sciences, and academic administration. His research interests broadly span the areas of organic chemistry, bio-organic chemistry, photochemistry and photobiology.

Prof. Singh has participated in drawing-up and developing academic policies and programmes of education and research and expansion of collaborations of IIT Bombay both in India and abroad. He has also been associated in multiple capacities with several other national and international educational institutions and R&D organizations, science academies and societies, administrative and policy making bodies to drive organizational excellence, development and advancement of higher education and research in science and technology.

Prof. Singh's academic and research endeavours are duly recognized by educational and research organizations, government and corporate bodies, science academics and professional scientific societies by awards and honours.

Dr. Shambhu Kumar, Independent Director

Dr. Shambhu Kumar is appointed as an Independent Director on the Board of the Company w.e.f. 7th March, 2019.

Dr. Shambhu Kumar is Bachelor of Arts from HP University Shimla and completed Ph. D from Jamia Millia Islamia, New Delhi.

He has vast experience in Indian Government development programme such as Bihar Rural Livelihood Programme (BRLP), National Food for Work Programme (NFFWP), Jharkhand Tribal Development Programme (JTDP), Chhattisgarh Tribal Development Programme (CTDP), Pradhan Mantri Gramin Sarak Yojna (PMGSY) & different Rural Development programme. He worked for the evaluation study of the impact of micro-credit scheme of National Handicapped Finance and Development Corporation (NHFDC) & National Minority Development Finance Corporation (NMDFC), Sankat Haran Bima Yojna of KRIBHCO. He has completed research in Watershed project and SWA-SHAKTI (Rural women Development and Empowerment project, RWDEP).

He was the coordinator of bilateral trade between Thailand & Uttar Pradesh, coordinator of Thailand government for 2018 Uttar Pradesh investor Summit (Lucknow) & ASEAN-India Business summit in New Delhi, visited Bangkok as a guest for ASEAN - India Expo & Forum.

He is CEO of M/S Subansiri Development Private Limited and Director of Village Boy Production Private Limited.

BOARD MEETINGS

As per the policy of your Company, apart from the matters which are required to be statutorily decided by the Board, all other major decisions involving investments and capital expenditure, mobilization of resources, Employee's Compensation etc., and major issues such as monthly performance, progress of projects, Industrial relations, market scenarios, budgets and plans etc., are discussed in the meetings as regular agenda items by the Board. All items which are obligatory as per the Corporate Governance code to be brought in the Board meetings are regularly discussed. Detailed agenda notes are circulated generally about a week in advance of the Board meetings. During the year under report, 14 [Fourteen] meetings were held by the Board viz. on 13th April, 2018, 18th May, 2018, 28th May, 2018, 13th July, 2018, 8th August, 2018, 20th August, 2018, 26th September, 2018, 8th October, 2018, 12th November, 2018, 17th December, 2018, 19th January, 2019, 12th February, 2019, 7th March, 2019 and 18th March, 2019. The numbers of meetings attended by the Directors during the year are as under:

Name of Directors	Category	Number of meetings required to attend	Number of meetings attended.	Whether attended last AGM	Number of Directorship in other companies		Number of Committee positions held in other Companies		Directorship in other companies
					As Chairman	As Director	As Chairman	As Director	
A. EXECUTIVE DIRECTORS									
Shri Umesh V. Dhatrak	Chairman & Managing Director	14	14	Yes	1	2	-	-	1. Talcher Fertilizers Limited 2. The Fertiliser Association of India 3. Heavy Water Board
Shri Sudhir D. Panadare	Director (Technical)	14	14	Yes	-	2	-	-	1. Talcher Fertilizers Limited 2. Fertilisers and Chemicals Travancore Limited
Shri Umesh Dongre	Director (Finance) & CFO	14	14	Yes	-	2	-	-	1. Fertilisers and Chemicals Travancore Limited 2. FACT-RCF Building Products Limited
Shri K. U. Thankachen (from 11.12.2018)	Director (Marketing)	5	5	N.A.	-	1	-	-	Fertilisers and Chemicals Travancore Limited
B. NON-EXECUTIVE OFFICIAL DIRECTORS									
Shri S. K. Lohani (upto 18.05.2018)	Govt. Nominee Director	1	0	N.A.	-	-	-	-	-
Ms Alka Tiwari	Govt. Nominee Director	14	7	No	-	2	-	1	1. Fertilisers and Chemicals Travancore Limited 2. Hindustan Organic Chemicals Limited
Ms Gurveen Sidhu (from 18.05.2018)	Govt. Nominee Director	13	7	No	-	1	-	-	Fertilisers and Chemicals Travancore Limited
C. NON-EXECUTIVE INDEPENDENT DIRECTORS									
Shri Harin Pathak	Independent Director	14	10	Yes	-	-	-	-	-
Shri G. M. Inamdar	Independent Director	14	14	Yes	-	1	-	-	Zentek Masters Private Limited
Shri Suryanarayana Simhadri	Independent Director	14	13	No	-	1	-	-	Ekalavya Grameena Vikas Foundation
Prof. Anil Kumar Singh (from 07.03.2019)	Independent Director	2	1	N.A.	-	-	-	-	-
Dr. Shambhu Kumar (Form 07.03.2019)	Independent Director	2	2	N.A.	-	2	-	-	1. Village Boy Productions Private Limited 2. Subansiri Development Private Limited

List of Core Skills/ Experience/ Competencies Identified by the Board

The Board of Directors have identified the following Core Skills/ Practical Experience/ Special Knowledge/ Competencies as required in the context of its business(es) and sector(s) for it to function effectively. The same are in line with the relevant provisions of the Companies Act, 2013

1. Fertilizers and Chemicals
2. Finance;
3. Agriculture and Rural Economy;
4. Law;
5. Marketing
6. Research and Development
7. Economics;
8. Public Sector Undertaking;
9. Business Management;
10. Risk Management;
11. Human Resources;

12 General Administrative and Co-operation

13 Costing

and

14. Any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Board, be useful to the Fertilizer and chemical

The Board has identified the following skill set with reference to its Business and Industry which are available with the Board:

Name of the Director	Expertise in specific functional area
Shri Umesh V. Dhatrak	Fertilizers and Chemicals, Agriculture and Rural Economy, Risk Management, Public Sector Undertaking, Costing, Research and Development & Business Management
Shri Sudhir D. Panadare	Fertilizers and Chemicals, Research and Development, Human Resources & Agriculture and Rural Economy
Shri Umesh Dongre	Fertilizers and Chemicals, Finance, Public Sector Undertaking, Economics, Costing, Risk Management & General Administrative and Co-operation
Shri K . U. Thankachen	Marketing, Agriculture and Rural Economy, Business Management & Public Sector Undertaking
Ms Alka Tiwari	General Administrative and Co-operation, Finance, Fertilizers and Chemicals, Economics, Agriculture and Rural Economy & Public Sector Undertaking
Ms Gurveen Sidhu	General Administrative and Co-operation, Finance, Fertilizers and Chemicals, Costing, Agriculture and Rural Economy & Public Sector Undertaking
Shri Harin Pathak	Law, General Administrative and Co-operation, Finance, Human Resources, & Agriculture and Rural Economy
Shri G. M. Inamdar	Research and Development, Fertilizers and Chemicals & Agriculture and Rural Economy
Shri Suryanarayana Simhadri	Finance, Risk Management, Costing, Law, Business Management & Economics
Prof. Anil Kumar Singh	Fertilizers and Chemicals, Risk Management, Research and Development & Business Management
Dr. Shambhu Kumar	Fertilizers and Chemicals, Agriculture and Rural Economy & General Administrative and Co-operation

Number of shares held by the Directors

Shri Sudhir D. Panadare, Director(Technical) holding 200 equity shares of the Company. Except Shri Panadare, none of the Directors were holding any shares/debentures in the Company as on 31st March, 2019.

Relationship between Directors

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

Familiarisation programme for Independent Directors

The details of familiarisation programme imparted to Independent Director are disclosed on the http://www.rcfltd.com/index.php/en/investor-relations/general-disclosure/11490-details-of-familiarization-programme-imparted-to-independent-directors-2

Confirmation from Independent Directors

Board of Directors hereby certify that the Independent Directors of the Company fulfil the conditions specified in

Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are Independent of the Management.

Certificate from Company Secretary in Practice

Shri S. N. Bhandari of M/s Bhandari & Associates, Practising Company Secretary, has issued a certificate as required under SEBI (LODR), confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors by the Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority. The certificate is annexed with this section.

Resignation of Independent Directors

During the year, no Independent Director of the Company has resigned as Independent Director of the Company.

BOARD COMMITTEES

The Board has constituted the following Committees

Audit Committee

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

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

During the year 2018-19, the Committee reviewed the audits conducted by Internal Audit Department, gave directions and sought further investigations and examinations, wherever necessary. The Committee also reviewed the financial statements before submitting to the Board and emphasized the importance of internal Control Systems. All the recommendations of the Audit Committee were accepted and implemented.

During the year, the Audit Committee met 4 [Four] times on 28.05.2018, 08.08.2018, 12.11.2018, and 12.02.2019 and the attendance was as under:

Name of Director	Number of meetings required to attend	Number of meetings attended.
Shri Harin Pathak	4	3
Shri G. M. Inamdar	4	4
Shri Suryanarayan Simhadri	4	4
Ms Alka Tiwari	4	2

Nomination and Remuneration Committee

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

The Nomination and Remuneration Committee comprising of Shri Harin Pathak, Independent Director as Chairperson, Shri G. M. Inamdar, Shri Suryanarayana Simhadari, Shri Umesh V. Dhatrak and Ms Alka Tiwari as members. During the year, the Committee met two (2) times on 13.07.2018 and 18.03.2019.

Stakeholders Relations Committee

During the year, the Stakeholders Relations Committee comprises of Shri G. M. Inamdar, Independent Director as Chairperson and Shri Umesh V. Dhatrak, Chairman & Managing Director and Shri Umesh Dongre, Director (Finance) as Members and Shri J. B. Sharma, Company Secretary as Secretary. The Company Secretary being the Compliance Officer is specifically entrusted with responsibility for redressal of investors complaints and report the same to the Committee. There have been no serious complaints made by any shareholder, during the year. A few routine letters received in connection with non-receipt of annual report, dividend warrants etc., have been attended to promptly and no complaint is pending with your Company. During the year, one (1) complaint was received and the same has been attended to. Regular reports have been sent to SEBI and Stock Exchanges in this respect.

During the year 2018-19, the Committee met three [3] times on 18.05.2018, 12.11.2018 and 12.02.2019.

Share Transfer Committee

The Share Transfer Committee looks into the following;

i) Transfer and transmission of shares; and

ii) Issue of duplicate share certificates and new certificates on Split/renewal/consolidation/demat to remat etc.

Share Transfer Committee comprising of Shri Umesh V. Dhatrak, Chairperson, Shri Sudhir D. Panadare and Shri Umesh Dongre, Members. During the year, the Committee met Seven (7) times on 08.05.2018, 14.06.2018, 03.11.2018, 12.12.2018, 12.01.2019, 06.02.2019 and 07.03.2019 and there are no pending cases for transfer.

Committee on Corporate Social Responsibility (CSR)

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

The CSR Committee comprising of Shri Suryanarayana Simhadri, Independent Director as Chairperson, Shri G. M. Inamdar, Shri Umesh Dongre and Ms Alka Tiwari as members. During the year, the Committee met three (3) times on 13.07.2018, 12.11.2018 and 17.12.2018.

Empowered Committee for Procurement

Empowered Committee comprising Shri Umesh V. Dhatrak, Chairman & Managing Director as Chairperson, Shri Sudhir D. Panadare, Director (Technical), Shri Umesh Dongre, Director (Finance) and Shri K. U. Thankachen, Director (Marketing) as members to approve procurement of Fertilizer Raw Materials for captive consumption and Fertilizers for Trading purpose upto a value of Rs.300 Crore in case of each procurement. During the year, the Committee met nine (9) times on 04.06.2018, 12.07.2018, 20.07.2018, 06.08.2018, 19.11.2018, 23.11.2018, 04.02.2019, 27.02.2019 and 04.03.2019.

Risk Management Committee

The Board of Directors in its meeting held on 18th March, 2019 formed a Risk Management Committee to review risk management process involving risk assessment.

The Committee comprised of the following members as on 31.03.19:

Sl. No.	Name of the Member	Designation
i.	Shri Umesh Dongre	Chairman
ii.	Shri Sudhir D. Panadare	Member
iii.	Shri K. U. Thankachen	Member
iv.	Shri Suryanarayana Simhadri	Member
v.	Prof. A. K Singh	Member

REMUNERATION OF DIRECTORS

Functional (Executive) Directors are appointed by President of India in terms of Article 81(1) of the Articles of Association of the Company and their remuneration and other terms and conditions are governed by the terms of appointment as decided by the Government. While the Chairman & Managing Director is appointed in Schedule 'A' scale i.e. ₹2,00,000 - 3,70,000/-, the other functional Directors are in Schedule 'B' Scale i.e. ₹1,80,000 - 3,40,000/. All other terms and conditions of appointment such as accommodation, provision of car etc., are same for all directors and are specified in their respective appointment orders. Any other terms not specified in the said order are in accordance with the rules applicable to the employees of your Company. Remuneration paid to the Directors during the year is as under:

₹ in Lakh

Sl No.	Name of the Director	Salary and Allowances	Other Benefits and perquisites	Total Remuneration
1.	Shri Umesh V. Dhatrak, Chairman & Managing Director	44.67	10.30	54.97
2.	Shri Sudhir D. Panadare Director (Technical)	42.82	11.96	54.78
3.	Shri Umesh Dongre Director (Finance)	32.89	9.39	42.28
4.	Shri K. U. Thankachen Director (Marketing) (From 11.12.2018)	11.03	1.87	12.90

The Independent Directors have been paid sitting fees of ₹25,000/- per meeting for attending meetings of the Board and ₹20,000 per meeting for attending meetings of the Committee. The sitting fees paid during the financial year 2018-19 is as follow:

Name of the Director	Sitting Fees (₹ in Lakh)
Shri Harin Pathak	3.80
Shri G. M. Inamdar	6.40
Shri Suryanarayana Simhadri	5.55
Prof. Anil Kumar Singh	0.25
Dr. Shambhu Kumar	0.50

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

Performance Evaluation criteria for Independent Directors

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

However, the evaluation of independent directors for the year 2017-18 has been done by the entire board of directors as per regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Separate Meeting of Independent Directors

As provided under Section 149(8) read with Schedule IV of the Companies Act, 2013 and also as per Regulation 25 (3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, two (2) separate meeting of Independent Directors were held on 20.08.2018 & 11.01.2019.

Code of Conduct for Directors and Senior Management Personnel

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

This is to certify that in line with the requirement of Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Directors of the Board and Senior Management personnel have affirmed that to the best of their knowledge and belief, they have complied with the provisions of the ₹Code of Conduct for the Directors and Senior Management' during the financial year 2018-19.

(Umesh V. Dhatrak)

Chairman & Managing Director

Place: Mumbai

Date: 17.05.2019

CEO/ CFO CERTIFICATION FOR THE FINANCIAL YEAR ENDING ON 31ST MARCH, 2019.

This is to certify that:

A. We have reviewed financial statements for the financial year ended 31st March, 2019 and the cash flow statement for the year and that to the best of our knowledge and belief :

1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit Committee that:

1. There has not been any significant change in internal control over financial reporting during the year 2018-19;
2. There has not been any significant change in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
3. There have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Umesh Dongre
Director [Finance] & CFO

Umesh V. Dhatrak
Chairman & Managing Director

Place: Mumbai

Date: 07.05.2019

General Body Meetings

The details of the last three Annual General Meetings (AGM) held are as under:

Financial Year	Time and Date	Venue
2017-18	3 p.m. on 26.09.18	"Sivaswamy Auditorium", Fine Arts Society, Mumbai 400 071.
2016-17	3 p.m. on 21.09.17	
2015-16	3 p.m. on 23.09.16	

Particulars of Special Resolution passed at the last three AGMs

Financial Year	Time and Date	Venue	Special Resolutions Passed
2017-18	3 p.m. on 26.09.18	"Sivaswamy Auditorium", Fine Arts Society, Mumbai 400 071.	Offer or invitation to subscribe to Secured Non-Convertible Debentures on private placement.
2016-17	3 p.m. on 21.09.17		
2015-16	3 p.m. on 23.09.16		

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

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

Means of Communication

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

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

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

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

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

General Shareholder information

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

During the year, your Company's shares were actively traded on BSE and NSE. The shares were traded in the range of a maximum of ₹84.80 [on 24th April, 2018] and minimum of ₹51.05 [on 21st February, 2019] at BSE.

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

Sl No.	Month	BSE Limited			National Stock Exchange of India Limited		
		High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
1	Apr-18	84.8	73.45	9324346	84.90	73.25	50711783
2	May-18	81.10	66.80	6616544	81.20	66.60	32154471
3	Jun-18	79.20	65.85	9224566	79.20	65.80	47448487
4	Jul-18	75.75	65.60	6764716	75.70	65.45	36473438
5	Aug-18	76.85	67.50	7205669	77.00	67.50	40079372
6	Sep-18	79.85	59.05	5884490	79.60	59.00	30326130
7	Oct-18	64.40	54.80	5289103	64.45	54.75	20325482
8	Nov-18	64.80	57.55	5934796	64.90	57.35	19027998
9	Dec-18	68.25	56.90	8242566	68.35	57.15	32064643
10	Jan-19	67.80	59.25	6384305	67.80	59.15	27805098
11	Feb-19	65.50	51.05	4653184	65.45	51.00	19662554
12	Mar-19	61.40	52.70	5682394	61.60	53.00	27479383

Out of the total 55,16,88,100 equity shares, 55,06,46,433 shares, i.e., 99.81% are in demat segment and only 10,41,667 i.e. 0.19 % are in physical form.

Your Company's financial year is 1st April, 2018 to 31st March, 2019. The Share holding pattern as on 31st March, 2019 is as under:

Category	No. of Shares	% of Holding
President of India (GOI)	413769483	75.00
Mutual Funds and UTI	7384	0.00
Insurance Companies	6054475	1.10
Financial institutions, Banks	13283596	2.41
Foreign Institutional Investors and Foreign Portfolio Investors	7146033	1.29
Bodies Corporate	10640497	1.93
Indian Public	88710974	16.08
NRIs/OCBs/Foreign Nationals	3511139	0.64
Clearing Members, Trusts, IEPF, HUF & NBFCs Registered with RBI	8564519	1.55
Total	**551688100**	**100.00**

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

Unclaimed Dividend

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

Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend for the financial year ended 31st March, 2012 which remains unclaimed on 6th October, 2019 will be transferred by the Company to the Investor Education and Protection Fund [IEPF] established by the Central Government. The dividend for the undernoted years, if remaining unclaimed, for a period of seven years will be statutorily transferred by the company to IEPF in accordance with the schedule given below:

Sl. No	Financial Year	Date of declaration of dividend	Unclaimed dividend as on 31.03.2019	Last date for claiming unpaid dividend
1	31.3.2012	31.08.2012	10,43,627.20	06.10.2019
2	31.3.2013	30.08.2013	13,19,212.50	05.10.2020
3	31.3.2014	19.09.2014	12,56,566.50	25.10.2021
4	31.3.2015	27.08.2015	16,81,705.80	01.10.2022
5	31.3.2016	23.09.2016	11,09,280.50	28.10.2023
6	31.3.2017	21.09.2017	14,81,299.60	26.10.2024
7	31.3.2018	26.09.2018	8,94,340.80	29.11.2025

Payment of dividend

The Board of Directors of your Company have recommended a dividend of Rs. 0.77 per share for the financial year 2018-19 subject to the approval of the members at ensuing Annual General Meeting which will be paid after 24th September, 2019.

In order to expedite the receipt of dividend payment, your Company transfers funds to the bank accounts of the members who have opted for NECS facility. However, some members are yet to furnish the details of their bankers. Investors holding shares in physical form may send their NECS mandate form, duly filled, to the Company or its R&TA.

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

Registered Office/Address for Correspondence

The Company Secretary

Rashtriya Chemicals and Fertilizers Limited

"Priyadarshini", 10th floor, Eastern Express Highway, Sion,

Mumbai 400 022. India. Tel. 022 2404 5024 e-mail: investorcommunications@rcfltd.com

Calendar of events

Sl. No.	Event	Likely date
(i)	Announcement of 1st Quarterly (unaudited) financial result for FY 2019-20	on or before 14th August, 2019
(ii)	Book Closure for the purpose of Dividend and AGM.	Wednesday, 18th September, 2019 to Tuesday, 24th September, 2019 (both days inclusive)
(iii) (a)	AGM for 2018-19 : Date	24th September, 2019 at 3 p.m.
(iii) (b)	AGM for 2018-19: Venue	"Sivaswami Auditorium", Fine Arts Society, Chembur Mumbai 400 071.
(iv)	Announcement of unaudited half yearly result for FY 2019-20	on or before 14th November, 2019
(v)	Announcement of 3rd quarterly (unaudited) financial result for FY 2019-20	on or before 14th February, 2020
(vi)	Announcement of Audited results for FY 2019-20	on or before 30th May, 2020

Listing of Shares on Stock Exchanges

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

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

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

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

Distribution of shareholding

The shareholding distribution of equity shares of nominal value of Rs.10/- each as on 31st March, 2019 is as under:-

Sl. No.	No. of Shares held	No. of shareholders	% of total	Share amount [₹]	% of total
1	1 - 500	144115	81.90	23256589	4.22
2	501 - 1000	16764	9.53	13987208	2.53
3	1001 - 2000	7959	4.53	12377554	2.24
4	2001 - 3000	2643	1.50	6887157	1.25
5	3001 - 4000	1106	0.63	4021424	0.73
6	4001 - 5000	1061	0.60	5106136	0.93
7	5001 - 10000	1317	0.75	9810676	1.78
8	10001 - and above	991	0.56	476241356	86.32
	Total	**175956**	**100.00**	**551688100**	**100.00**

Dividend Distribution Policy

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

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

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

Performance in comparison to broad based indices.

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

	Sensex	Nifty	BSE-PSU Index	RCF Price (₹) (BSE)
March 2018	32,968.68	10,113.70	7,861.11	73.20
March 2019	38,672.91	11623.90	7,640.47	58.50
Increase/ (decrease)	5,704.23	1510.20	(220.64)	(14.70)
% of Increase /(decrease)	17.30	14.93	(2.81)	(20.08)

Other Disclosures

Materially significant related party transactions

There are no related party transactions entered into by your Company with the promoters, Directors or Management and their subsidiaries or relatives etc. that may have a potential conflict with the interest of your Company.

Your Company has complied with all the provisions of the Companies Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI guidelines, and other authorities on any matter related to capital markets during last 3 years.

Details of non-compliance/ penalties / strictures imposed during the last three years

During the year, your Company has received letters from NSE and BSE imposing the fine for non-compliance of the Regulation 17(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 i.e. non composition of the optimum composition of the Board of Directors for the quarter ended 30th September, 2018, 31st December, 2018 & 31st March, 2019. Your Company has requested to NSE & BSE to waive the fines as being CPSE, your Company is not empowered to appoint any Director on its own on the Board of the Company.

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

Vigil Mechanism- Whistle blower policy

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of SEBI (LODR) Regulations, 2015, the Company had formulated Whistle Blower Policy to enable stakeholders including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices.

RCF had provided ample opportunities to encourage directors and employees to become whistle blowers (Directors and employees who voluntarily and confidentially want to bring the unethical practices, actual or suspected fraudulent transactions in the organization to the notice of competent authority for the greater interest of the organization and the nation). It has also ensured a very robust mechanism within the same framework to protect them (whistle blowers) from any kind of harm. It is hereby affirmed that no personnel has been denied access to the Audit committee.

Your Company has put in place a fraud prevention policy. As a part of compliance with the policy, Company has appointed nodal officers for Trombay, Thal, Marketing and Corporate Office. The fraud prevention policy has been framed to provide a system for detection and prevention of fraud, reporting of any fraud that is detected or suspected and for dealing in matters pertaining to fraud. During the year under review, no such cases were reported.

In addition, your Company has Vigilance Department to bring greater transparency, integrity and efficiency. The focus of Vigilance department is on Preventive and Participative Vigilance.

Integrity Pact

The Company has implemented Integrity Pact (IP) for enhancing transparency, probity, equity and competitiveness in its procurement process.

Presently, 2 Independent External Monitors (IEMs) have been nominated by the Central Vigilance Commission (CVC) to monitor the implementation of IP in all tenders, of the threshold value of ₹1 Crore and above.

During the year, two (2) meetings of IEMs were held.

Compliance with mandatory requirement of SEBI (LODR)

Your Company has complied with the Corporate Governance requirement under Regulation SEBI (LODR) and specifically to the requirements under Regulation 17 to 27 and clause(b) to (i) of sub-regulation (2) of Regulation 46 except in respect of composition of the Board of Directors with regard to at-least 50% Independent Directors.

Your Company, being a Government Company under the administrative control of the Ministry of Chemicals and Fertilizers, Department of Fertilizer, Government of India, the power to appoint Directors (including Independent Directors) vests with the Government of India. Your Company is pursuing with the Government of India to induct requisite number of Independent Directors.

Non mandatory requirements

Besides the mandatory requirements as mentioned in preceding pages, the status of compliance with non-mandatory requirements of Reg. 27(1) of SEBI(LODR) Regulations, 2015 read with Part E of Schedule-II are produced below:

1. The Board : The Company is headed by an Executive Chairman.

2. Shareholder Rights : The quarterly Financial Results of the Company are published in leading newspapers and also posted on company's website (www.rcfltd.com). These results are not separately circulated to the shareholder.

3. Audit Qualification / Modified Opinions in audit report : It is always Company's endeavor to present an unqualified financial statement.

4. Separate posts of Chairman and CEO : Article of Association 81(1)(a) of the company provides that same person can be appointed as Chairman and CEO of the company. Hence GoI had appointed one person as CMD of the company.

5. Reporting of Internal Auditor : Internal Audit reports directly submit to Chief Executive Officer of the Company. The external/internal auditor appointed by the company submit their report to concerned HoD at places where they are conducting audit. These reports are reviewed by the Audit Committee.

Compliance certificate regarding compliance of conditions of corporate governance

As required by Schedule V of the SEBI(LODR), the compliance certificate regarding compliance of conditions of Corporate Governance issued by a Practising Company Secretary is annexed.

Policy for determining material subsidiaries

The policy for determining material subsidiaries is disclosed on the http://www.rcfltd.com/index.php/en/about-us/policies/1919-policies-for-determining-material-subsidiaries

Policy on dealing with related party transaction

The policy on dealing with related party transaction is disclosed on the http://www.rcfltd.com/index.php/en/about-us/policies/9100-policy-on-materiality-of-related-party-transactions-and-dealing-with-related-party-transactions

Disclosure of commodity price risks and commodity hedging activities

Nil

Details of utilization of funds raised through preferential allotment or qualified institutions placement

The Company has not raised any funds through preferential allotment or qualified institutions placement as specified in Regulation 32 (7A) of SEBI (LODR)

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

None of the Directors holds shares in your Company except Shri Sudhir D. Panadare, Director (Technical) holds 200 equity shares in the Company.

Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

a. Number of complaints filed during the financial year : NIl

b. Number of complaints disposed of during the financial year: Nil

c. Number of complaints pending as on end of the financial year : Nil

Guidelines on Corporate Governance by DPE

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

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

Further, the administrative and office expense constitute 0.80 % of total expense for financial year 2018-19 as against 0.90% in the previous year 2017-18.

Disclosure with respect to demat suspense account / unclaimed suspense account

No shares are lying in the demat suspense account or unclaimed suspense account,

Compliance Officer

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

Prevention of Insider Trading

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

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

****

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members of

Rashtriya Chemicals and Fertilizers Limited

Priyadarshini, Eastern Express Highway,

Sion, Mumbai 400 022

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Rashtriya Chemicals and Fertilizers Limited** having **CIN: L24110MH1978GOI020185** and having registered office at Priyadarshini, Eastern Express Highway, Sion, Mumbai 400022 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31st March, 2019** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment
1	Mr. Umesh Vasant Dhatrak	07718394	14.09.2017
2	Mr. Sudhir Dattatraya Panadare	07933191	18.12.2017
3	Mr. Umesh Dongre	08039073	09.02.2018
4	Mr. Koppurath Ulahannan Thankachen	06946476	11.12.2018
5	Ms. Alka Tiwari	03502306	06.03.2017
6	Ms. Gurveen Sidhu	08121526	18.05.2018
7	Mr. Harendrakumar Ramchandra Pathak	07552994	08.07.2016
8	Mr. Guddushastri Malaharshastri Inamdar	07552999	08.07.2016
9	Mr. Suryanarayana Simhadri	01951750	08.03.2017
10	Mr. Anil Kumar Singh	08382601	07.03.2019
11	Mr. Shambhu Kumar	07368172	07.03.2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Bhandari & Associates

Company Secretaries

S. N. Bhandari

Partner

FCS No: 761; C P No. : 366

Mumbai | May 07, 2019

CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To

The Members of

Rashtriya Chemicals and Fertilizers Limited

We have examined the compliance of conditions of Corporate Governance by **RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED** ("the Company") for the year ended 31st March, 2019, as stipulated in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations except that *the Company does not have requisite number of Independent Directors on its Board required under Reg. 17(1)(b) of Listing Regulations.*

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Bhandari & Associates
Company Secretaries

S. N. Bhandari
Partner
FCS No.: 761; C.P. No.: 366

Mumbai | May 7, 2019

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR's REPORT

TO THE MEMBERS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED.

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **RASTRIYA CHEMICALS AND FERTILISERS LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of cash flows for the year ended March 31, 2019, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at March 31, 2019, and its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone IND AS Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone IND AS financial statements.

Emphasis of Matters

a) **Note No 47 (b):** The matter relating to the issue of unintended benefits accruing to units using domestic gas for manufacture of nutrient "N" has been referred and is pending before an Inter-Ministerial Committee (IMC) of Government of India (GoI). It is expected that a decision on the matter would be taken soon by the IMC. Pending such decision, initially subsidy amounting to ₹ 198.94 Crore was withheld. As per DoF approval for release of this subsidy, upon submission of its claims along with bank guarantee for equivalent amount by the Company, an amount of ₹ 125.11 Crore has been received upto March 31, 2019. Accordingly, no provision has been made in these accounts towards the balance amount of ₹ 73.83 Crore withheld, as Company is of the view that no unintended benefits have accrued to owing to use of domestic gas.

b) **Note No 48:** Consequent to Gas pooling being made applicable to Fertilizer (Urea) sector w.e.f. June 1, 2015, it is expected that a differential pricing of gas may be made applicable for non-urea usage. Company has represented to DoF for maintaining supply of domestic gas for P&K fertilizers and chemicals. Ministry of Petroleum & Natural Gas (MoPNG) vide its order No. L-13013/3/2012-GP-I, dated: December 16, 2015 has directed GAIL (India) Limited to levy a higher gas price (i.e. the highest rate of RLNG used for production of urea) for gas consumed in non-urea operations. As the matter relating to the same is pending before the IMC for decision, the Company has represented that any decision on the same be taken only upon the issue being settled by the IMC of GoI. However, pending finalization of price payable as per the said letter, Company is recognizing liability based on the difference between domestic gas price and pool / market price of gas for its non-urea operations. The difference is provided considering domestic gas first for urea operations on cumulative basis for the year and the balance if any, for non-urea operations and Accordingly, there is no impact for the year ended March 31, 2019. The Company has recognised a liability of ₹ 211.79 Crore for the period commencing from June 1, 2015 to March 31, 2019 (₹ 211.79 Crore upto March 31, 2018) on this account.

The Company has entered into a contract for procurement of market priced gas for non-urea operations at Trombay unit, effective from May 16, 2016.

Pursuant to the said order, GAIL has sought a differential levy amounting to ₹ 1442.84 Crore for the period commencing from July 1, 2006 till March 31, 2017 and has initiated arbitration proceeding towards non-payment of the same. The Company has represented this matter to Department of Fertilizers for dispute resolution as the matter relating to the same is pending before the IMC of GoI. The said matter has been currently referred to Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD) on May 22, 2018

c) **Note No 53.3) a): Inter Corporate Deposit (ICD) advanced to Fertilizers and Chemicals Travancore Ltd (FACT)** –50% JV partner in FACT-RCF Building Products Ltd (FRBL) of ₹ 25.50 Crore (being their share of contribution paid by RCF towards one- time settlement entered into between FRBL and their bankers resulting in Corporate Guarantee given by Company to FRBL bankers being discharged) outstanding as at March 31, 2019 has not been provided for, despite FACT's adverse financial position, as the Company is confident of settlement of the ICD given. Further the FACT is a Government owned Entity and interest has been settled by them upto March 31, 2019.

d) **Note No. 63:** Net fair value gain of ₹ 23.44 Crore on account of valuation of Development Right Certificate received from Municipal Corporation of Greater Mumbai/ Mumbai Metropolitan Regional Development Authority towards surrender of land in accordance with IND-AS 38 and Guidance Note on Accounting for Real Estate Transactions issued by the Institute of Chartered Accountants of India. Tax expense includes the Capital Gains Tax impact on the same.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the standalone IND AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in our audit are:

1. Revenue Recognition and measurement in respect of subsidy income
2. Transferrable Development Rights (TDR) – Accounting and Valuation
3. Estimation of Provision & Contingent Liabilities
4. Information Technology General Control

Sr. No.	Key Audit matter	Response to Key Audit Matter
1.	Revenue recognition and measurement in respect to subsidy income Recognition of subsidy is generally made on the basis of in principle recognition/approval /settlement of claims from Government of India/Fertilizer Industry Co-ordination Committee while finalizing the financial statements. During the year, Company has recognized an amount of ₹ 423.49 Crore towards subsidy income on estimated basis as per note 47(a) of the Standalone Ind AS Financial Statement MRP of urea being fixed by Government of India, the company is entitled for subsidy wherein certain inputs costs are a pass through and compensation for production beyond a level of production known as Reassessed capacity is restricted to lower of Import Parity Price(IPP) of Urea plus other incidental charges which the government incurs on imported urea, or its own concession price, as determined under extant policies for Urea. Further subsidy income is net of adjustments of recoveries towards sale/transfer for surplus ammonia or non-conversion of entire ammonia into urea. Since there is a time lag between actual expenditure incurred and notification of concession rates for the year, Management exercises significant judgement in arriving at the income entitled on account of same for the year. Therefore, there is a risk of revenue being misstated on account of errors in estimation of concession/IPP rates yet to be notified, due to absence of notification available and change in methodology/ calculation, if any for arriving at price concession.	Our Procedure included: **Accounting policies and principles:** We have reviewed the Company's Accounting policies for Subsidy on Urea as mentioned under "Note A. Statement of Significant Accounting policies III) D) Revenue Recognition" of the financial statements and the same is compared with the applicable Ind AS. **Tests of controls:** We have evaluated the design, implementation and operating effectiveness of key controls over recognition of subsidy income. **Tests of details:** We have verified the supporting documentation for determining that the subsidy was recognized in the correct accounting period and as per notified rates. In absence of notified rates, we have verified calculation of estimated rates based on information available with the Company for such costs which are a pass through. In case estimation of income is based on other parameters like IPP of Urea etc. verification of the same based on available information in public domain. Testing reasonability of assumptions based on past trends, consistency in application and changes in the same owing to change in Government policies **Performing substantive analytical procedures: -** Ascertainment and analysis of variations with respect of amounts estimated and actually entitled upon notification with respect to previous years. We also assessed as to whether the disclosures in respect of revenue were adequate.

Sr. No.	Key Audit matter	Response to Key Audit Matter
2.	**Transferrable Development Rights (TDR) – Accounting and Valuation** Company has accounted for an amount of ₹ 131.49 Crore as per Note 15 to Standalone Ind AS financial Statement, towards TDR received / receivable from MMRDA/MCGM for surrender of its land which has been reported at fair value. Further an amount of ₹ 75.17 Crore along with interest thereon has not been accounted as per an arbitration award on the said matter as per Note 62 to Standalone Ind AS financial Statement. Management judgement has been exercised in accounting and valuation of the same which is based on the representation and explanation given by the management along with confirmation received from a lawyer in respect of matters in dispute and valuation report of an independent valuer. In the absence of any empirical evidence relating to value of TDR's realized by the Company in the past and determination of probability of receipt of TDRs considering present scenario where TDRs is in dispute, these judgements may result in error in estimation which may impact future financial statements.	**Internal enquiry:** We enquired of the senior management, and inspected the minutes of the board, and various committees of the board in regard with receipt of TDRs wherever TDRs is in dispute. **Accounting policies:** Further, we focused on whether the valuation of TDR has been in accordance as per accounting guidance issued by ICAI and the classification and reporting of then same as per applicable accounting standards. **Enquiry and confirmation of lawyers:** In respect of matters which are under dispute as far as TDR is concerned, we have assessed and received confirmation /opinion of Company's in-house Legal Department / external lawyers where ever necessary. **Tests of controls** We have evaluated the design, implementation and operating effectiveness of key controls that the management has established for Accounting, classification and valuation of TDR's. **Tests of details:** We have relied on report as prepared by independent valuer's and have reviewed the assumptions made by the valuer in it for its acceptability. We also assessed as to whether the disclosures in respect of TDR's were adequate.
3.	**Estimation of Provision & Contingent Liabilities** In the recognition and measurement of provisions, there is uncertainty about the timing or amount of the future expenditure required to settle the liability. In respect of contingent liabilities, there are estimates and assumptions made to determine the amount to be disclosed. As a result, there is a high degree of judgement required for the recognition and measurement of provisions and disclosure of contingent liabilities. Company has reported Provision and Contingencies amounting to ₹ 1692.59 Crore in the note 41.1 to Standalone Ind AS financial statement There is a risk of material misstatement that the estimates are incorrect and that the provisions or contingent liabilities are materially misstated.	**Internal enquiry:** We enquired of the senior management, and inspected the minutes of the board, and various committees of the board where relevant, for claims arising and challenged whether provisions are required. **Tests of details:** In respect of significant claims, we checked the amount of claim, nature of issues involved, management submissions and corroborated the same with external evidence, where available. **Enquiry and confirmation of lawyers:** In respect of matters which are under dispute, we have assessed opinion of Company's in-house Legal Department / external lawyers where ever necessary.
4.	**Information Technology Controls** A significant part of the Company's financial reporting process is heavily reliant on IT systems with automated processes and controls over the capture, storage and extraction of information. A fundamental component of these processes and controls is ensuring appropriate user access and change management protocols exist and being adhered to. These protocols are important because they ensure that access and changes to IT systems and related data are made and authorised in an appropriate manner. As our audit sought to place a high level of reliance on IT systems and application controls related to financial reporting, high proportion of the overall audit effort was in Information Technology (IT) Systems and Controls. We focused our audit on those IT systems and controls that are significant to the Company's financial reporting process.	We focused our audit on those IT systems and controls that are significant to the Company's financial reporting process. As audit procedures over IT Systems and controls require specific expertise, we involved our IT specialist. We assessed the design and tested the operating effectiveness of the Company's IT controls, including those over user access and change management as well as data reliability. In a limited number of cases we adjusted our planned audit approach as follows: - we extended our testing to identify whether there had been unauthorized or inappropriate access or changes made to critical IT systems and related data; - where automated procedures were supported by systems with identified deficiencies, we extended our procedures to identify and test alternative controls; and - where required, we performed a greater level of testing to validate the integrity and reliability of associated data and reporting.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, Management Discussion & Analysis Report, Business Responsibility Report and Corporate Governance Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Director's Report, Management Discussion & Analysis Report, Business Responsibility Report and Corporate Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

Responsibilities of Management and Those Charged with Governance for the Standalone IND AS Financial Statements

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

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

In preparing the standalone IND AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the standalone IND AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone IND AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone IND AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone IND AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone IND AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone IND AS financial statements, including the disclosures, and whether the standalone IND AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone IND AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone IND AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (5) of the Act, we give in **"Annexure B"** the directions and sub-directions issued by the Comptroller and Auditors General of India, the action taken thereon and its impact on the accounts and financial statements of the Company.
3. Non- Compliance of the SEBI Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015 :- as per Regulation 17(1)(b), the chairman being an executive director, at least half of the board of Directors should be comprised of Independent Directors. Currently, the Company does not have required number of Independent Directors on its board.
4. As required by Section 143(3) of the Act, we report that:

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

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

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

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

e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

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

g) With respect to the other matters to be included in the Auditor's Report as per Section 143(3)(j):

I. in accordance with the requirements of section 197(16) of the Act, as amended:

As per notification number G.S.R. 463 (E) dated June 5, 2015 issued by Ministry of Corporate Affairs, Section 197 of the Act as regards the managerial remuneration is not applicable to the Company, since it is a Government Company.

II. in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

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

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

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

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

Sai Venkata Ramana Damarla
Partner
Membership. No. 107017

For CHHAJED & DOSHI
Chartered Accountants
Firm Registration No 101794W

Nitesh Jain
Partner
Membership. No. 136169

Place: Mumbai
Dated: May 7, 2019

Referred to in in Para 1 'Report on Other Legal and Regulatory Requirements' in our Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended March 31, 2019.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Statement on Matters specified in paragraphs 3 & 4 of the Companies (Auditor's Report) Order, 2016:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets with original cost and depreciation written off in respect of identifiable units of assets and where such information for identifiable units of assets is not available, the records show the cost and depreciation written off in respect thereof as a group or class. The items of assets in respect of which quantitative details are not linked with the cost or book value are of small value acquired prior to April 1978 and are fully depreciated particularly in respect of movable items acquired from Fertilizers Corporation of India Limited.

(b) As explained to us, the Plant & Machinery have been physical verified by the management at reasonable intervals during the year and all other fixed assets have been physical verified by the management with the help of an independent outside agency. The discrepancies reported on such verification were not material and have been properly dealt with in the books of account.

(c) According to the information and explanations given to us and on the basis of examination of the records of the company, the title deeds of immovable properties are held in the name of the Company except:

Sr. No.	Total No. of Cases	Type of Assets	Gross Block as at March 31, 2019 (₹ Crore)	Net Block as at March 31, 2019 (₹ Crore)	Remarks
1	2	Free Hold Land –Thal (1,824,903 Sq. Mtr. of land)	1.60	1.60	The Company is in the process of Transferring the title deeds.
2	1	Free Hold Land - Trombay (378,321 Sq. Mtr. of land)	0.24	0.24	The Company is in the process of transferring the title deeds.

ii. In our opinion and according to the information and explanations given to us, physical verification of finished goods, packing materials and raw materials inside the factory premises has been carried out by the management at reasonable intervals and stock of stores and spare parts has been conducted by them with the help of an independent outside agency in a phased Programme so as to complete the verification of all items over a period. Finished goods and other inventory stored outside the factory premises are taken as per warehousing certificates and third-party confirmation respectively. No material discrepancies were noticed on physical verification and the same have been properly dealt with in the books of account.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, and limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of sub-clause (a), (b) and (c) of paragraph 3(iii) of the Order are not applicable.

iv. In our opinion and according to the information and explanations given to us, the Company has not advanced any loans or made any investments or provided any guarantees or security to the parties covered under section 185 of the Act. The Company has given loans, made investments in the securities of other body corporate and given guarantees within the limit specified by section 186 of the Act and details of such transactions have been disclosed in the standalone Ind AS financial statements.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any Deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Rules framed there under are not applicable.

vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 (1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

vii. (a) According to the information and explanations given to us and the records examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues with the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues in respect of above as on the last day of the financial year for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us and the records examined by us, there were no disputes in respect of Income Tax, Duty of Excise, Duty of Customs, Sales Tax, Service Tax, Duty of Customs, Value added tax, Goods and Service tax which have not been deposited on account of any dispute except the following:

Sr. No.	Name of the Statute	Nature of Dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
1	Customs Act, 1962	Demand of Customs duty and penalty (Trombay Unit)	25.62	2004-05	Central Excise, Service Tax Appellate Tribunal
2	Customs Act, 1962	Demand of Differential Customs Duty on import of Urea, MOP & DAP (Marketing)	80.77	2009-10	Assistant Commissioner of Customs, Dharamtar, Alibaug
3	Customs Act, 1962	Demand of Differential customs duty on import of Potash (Marketing)	0.16	2012-13	Commissioner of Customs, Mangalore
4	Income Tax Act, 1961	Disallowance of additional depreciation claimed	6.55	A.Y 2014-15	Income Tax Appellate Tribunal
5	Income Tax Act, 1961	Disallowance of additional depreciation claimed	5.43	A.Y 2015-16	Commissioner of Income Tax (Appeals)
6	Income Tax Act, 1961	Disallowance of additional depreciation and prior period expenses	1.78	A.Y 2016-17	Commissioner of Income Tax (Appeals)
7	Income Tax Act, 1961	Demand of Tax for Short Deduction / non deduction of TDS	1.16	A.Y 2008-09 to 2017-18	Commissioner of Income Tax (Appeals)
8	Sales Tax, Maharashtra	Disallowance / errors in calculation of set off etc., in the Assessment Order Passed	2.77	2010-11	Joint Commissioner of Sales Tax (Appeals)
			1.07	2011-12	
			0.81	2013-14	
			0.81	2014-15	
9	Central Excise Act, 1944	Demand of Central Excise duty, Interest & Penalty in respect of Naphtha procured at concessional rats used for products which are not exempted (Thal Unit)	2.67	1996-2001	Supreme Court
			3.54	March 2005 to October 2005	Central Excise and Service Tax Appellate Tribunal
			18.61	November 1996 to February 2005 (Interest)	Supreme Court
			17.88	July 2007 to August 2009	Commissioner of Central Excise.
		Demand of excise duty on account of Diversion of urea for industrial usages (Thal Unit)	4.12	2015-16	Commissioner of Central Excise
10	Central Excise Act, 1944	Demand of Central Excise duty in respect of Low Sulphur High Stock / Furnace Oil procured at concessional rates used for other than fertilizer products (Trombay Unit)	7.15	September 1989 to December 2015	Commissioner of Central Excise (Appeals)
		Rapid Wall Plaster cleared with Nil Rate of duty (Trombay Unit)	3.19	July 2010 to March 2016	Dy. Commissioner / Commissioner of Central Excise (Appeals)
11	Central Excise Act, 1944	Wrong availment of CENVAT Credit on Angles, Channels, TMT Bars. Etc. (Trombay Unit)	0.10	April 2007 to August 2011	Dy. Commissioner Central Excise (Appeals)

Sr. No.	Name of the Statute	Nature of Dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
12	Central Excise Act, 1944	Demand of excise duty on account of Diversion of urea for industrial usages (Trombay Unit)	0.72	2015-16	Commissioner of Central Excise
13	Central Excise Act, 1944	Demand on Valuation of Ammonia	0.26	Prior to 1977	Commissioner of Central Excise (Appeals).
14	Service Tax	Demand of Service Tax on supply of Btal wagons (IPD Dept.)	0.14	April 2008 to December 2012	Appellate Authority , Mumbai
15	Service Tax	Demand of Service Tax on Dispatch Money (Mktg. Dept.)	0.24	April 2015 to March 2017	Asst. Commissioner of CGST & C.X. Division-1 , Mumbai
16	Service Tax	Demand of Service Tax on LD (Corporate Dept.)	0.03	April 2012 to March 2015	Dy. Commissioner of Central Excise, Customs & Service Tax
17	Service Tax	Demand of Service Tax on wrong availment and distribution of CENVAT (Corporate Dept.)	0.31	April 2014 to March 2015	Dy. Commissioner of Central Excise, Customs & Service Tax
18	Service Tax	Demand of Service Tax on Handling Charges	0.01	April 2006 to March 2008	Superintendent Service Tax, Aurangabad
19	Service Tax	Demand of Service Tax on supply of wagon to Central Railway (Thal Unit)	2.05	April 2008 to December 2015	Commissioner of Central Excise, Customs & Service Tax
20	Service Tax	Demand of Service Tax on fees received for Operation and maintenance of HWP (Thal Unit)	14.36	October 2006 to June 2017	Addl. Commissioner of Central Excise, Customs & Service Tax
21	Service Tax	Demand of Service Tax on wrong availment of CENVAT credit in respect of input services used in the manufacture of exempted goods (Thal Unit)	11.57	April 2011 to June 2017	Commissioner of Central Excise, Customs & Service Tax
22	Service Tax	Penalty on account of non-deduction of service tax on gross assessable value (Thal Unit)	0.16	October 2011 to May 2012	Addl. Commissioner of Central Excise, Customs & Service Tax
23	Service Tax	Non-payment of service Tax on Routine Maintenance Charges of private railway Siding (Thal Unit)	1.93	March 2012 to August 2015	Commissioner of Central Excise, Customs & Service Tax
24	Service Tax	Demand of Service Tax on wrong availment of CENVAT credit in respect of imported goods (Thal Unit)	0.08	March 2012 to September 2013	Addl. Commissioner of Central Excise, Customs & Service Tax
25	Service Tax	Demand of Service Tax on ALF charges(Thal unit)	0.14	April-2011 to March 2015	Commissioner (Appeals)
26	Service Tax	Demand of Service Tax on LD (Thal Unit)	0.40	September 2012 to March 2015	Commissioner (Appeals)
27	Service Tax	Demand of Service Tax on EMD Forfeiture(Thal Unit)	0.09	September 2012 to March 2015	Commissioner (Appeals)
28	Service Tax	Demand of Service Tax on Sponsorship (Thal Unit)	0.04	September 2012 to March 2015	Commissioner (Appeals)
29	Service Tax	Demand on LD(Trombay Unit)	1.95	September 2012 to March 2015	Asst. Commissioner of Central Excise & Service Tax.
30	Service Tax	Demand on Despatch Money (Trombay Unit)	1.53	September 2012 to March 2015	Asst. Commissioner of Central Excise & Service Tax.
31	Service Tax	Demand of Service Tax on Sponsorship (Trombay Unit)	0.04	September 2012 to March 2015	Asst. Commissioner of Central Excise & Service Tax.
32	Service Tax	Demand of Service Tax on wrong availment of CENVAT credit in respect of input services used in the manufacture of exempted goods (Trombay Unit)	1.21	April 2011 to June 2017	Dy. Commissioner of Central Excise, Customs & Service Tax.

Sr. No.	Name of the Statute	Nature of Dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
33	Service Tax	Demand of Service Tax on Sponsorship (Marketing Unit)	0.42	September 2012 to March 2015	Asst. Commissioner of Central Excise & Service Tax.
34	Service Tax	Demand on Dispatch Money (Corporate Unit)	0.54	September 2012 to March 2015	Asst. Commissioner of Central Excise & Service Tax.
35	Service Tax	Demand of Service Tax on Sponsorship (Corporate Unit)	1.07	September 2012 to March 2015	Asst. Commissioner of Central Excise & Service Tax.
36	Service Tax	Wrong Availment and distribution of Cenvat credit	0.14	April-2011 to March 2015	Asst. Commissioner of Central Excise & Service Tax.

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

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

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

xi. As per notification number G.S.R. 463(E) dated June 5, 2015 issued by Ministry of Corporate Affairs, Section 197 of the Act as regards the managerial remuneration is not applicable to the Company, since it is a Government Company.

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

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

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

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

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

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

Sai Venkata Ramana Damarla
Partner
Membership. No. 107017

For CHHAJED & DOSHI
Chartered Accountants
Firm Registration No 101794W

Nitesh Jain
Partner
Membership. No. 136169

Place: Mumbai
Dated: May 7, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para 2 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the standalone Ind AS financial statements for the year ended March 31, 2019.

Report on the Directions and Sub-directions issued by the Comptroller and Auditors General of India, the action taken thereon and its impact on the accounts and financial statement of the Company under Section 143(5) of the Act:

A. Directions

1. **Whether the company has system in place to process all the accounting transactions through IT system? If no, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated**.

   As per information and explanations given to us, the major important functional areas of organization like Financial Accounting, Sales Accounting, Human Resources Information, Payroll, Material/Inventory Management etc. have been computerized and date is processed through the IT systems. The Company has implemented SAP during 2005-06 in order to make information processing fully integrated and centralized. Following modules have been implemented in SAP ERP wherein transactions are processed in an integrated manner.

   - Finance & Costing (FI-CO)
   - Asset Management (AM)
   - Production Planning (PP)
   - Plant Maintenance (PM)
   - Materials Management (MM)
   - Sales & Distribution (SD)
   - Cost Object & Profitability Analysis (CO-PA)
   - Business Warehouse (BW)
   - Environment Health & Safety (EHS)
   - Township Management
   - HR & Pay Roll (HCM- Implemented during the year 2006-07)

   In 2010, along with an upgrade of the existing SAP business applications, following new solutions were also implemented

   - SAP Enterprise portal (Employee Self Service/ Manager Self Service)
   - Governance, Risk and Compliance

   Attendance recording system is another subsidiary system specifically developed to meet the requirements of the Company for recording attendance of unionized category employees of the Company. The attendance data from this system is directly uploaded in SAP for payroll processing.

   The IT system has been also configured to meet the compliance and business requirements as mandated by applicability of Ind AS and Goods and Services Tax.

   Thus, the IT system enables integrated processing of most of the accounting transactions. However, there are certain accounting transactions like subsidy income, relating to borrowings, payment of interest etc., corporate taxes, valuation of finished goods inventory as per principles of Ind AS and certain year end provisions etc. which are standalone to Finance and thus are not/ cannot be integrated. Such transactions and balances are adequately supported by relevant documents maintained / calculations maintained in Excel work books. A maker checker protocol is also followed to check the calculations, the accounting implications and the effect of the entries posted in SAP system. As these transactions are standalone to Finance they are processed directly in the Finance module of the SAP IT system.

   Further based on the information processed in SAP system, such data is extracted to excel for preparation and presentation of financial statements as per Schedule III of Companies Act. Proper checks and controls are exercised so that the information presented is in consonance with the base data extracted from the SAP System.

2. **Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.**

   Based on audit procedure performed by us and as per the information and explanation given to us, there is no restructuring of an existing loan or cases of waiver/ write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan

3. **Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.**

   As per information and explanations given to us, Company has not received any funds for specific schemes from central/state agencies during the year.

B. Sub-directions

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

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

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

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

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

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

   Based on the audit procedures performed by us and as per the information and explanations given to us, subsidy received/recoverable from Government of India has been properly accounted for as per claims admitted. In addition to the same, for the rates yet to be notified due to escalations/de-escalations in the cost of inputs and other costs, subsidy has been accounted on estimated basis which is in line with its stated accounting policy of revenue recognition given in notes to the standalone Ind AS financial statements for the year 2018-19.

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

   Subsidy received during the year amounting to ₹ 3752.39 Crore is in agreement with the amount disbursed by the Government of India.

3. **Whether the Transferable Development Rights (TDR) from Maharashtra Government are properly valued and accounted for**

   In our opinion and as per explanation and information given to us, Transferable Development Rights (TDRs) have been properly valued and accounted for, summary of the same is as follows:

Particulars	2018-19			2017-18			Change
	Land	TDR	TDR Value	Land	TDR	TDR Value	
	Sq. Mt.	Sq. Mt.	₹ Crore	Sq. Mt.	Sq. Mt.	₹ Crore	₹ Crore
TDR Recieved: MMRDA	8,265	16,530	55.50	8,265	16,530	63.04	(7.54)
TDR Accrued:							
MMRDA	40,585	11,799	30.97	40,585	11,799	44.99	(14.02)
MCGM	7,000	15,400	45.01	NA	NA		45.01
TDR Dispute	22,173	Refer Note	Refer Note	22,173	Refer Note	Refer Note	
Total	**78,023**	**43,729**	**131.49**	**71,023**	**28,329**	**108.03**	**23.45**

Note: As per Note no. 62 to the Standalone Ind AS Financial Statements," the Company had received an arbitration award in its favor in respect of compensation claimed in respect of transfer of land to Mumbai Metropolitan Regional Development Authority (MMRDA) on May 23, 2018. As per the Award, the Company is eligible for additional compensation either in the form of cash or TDRs amounting to ₹ 75.17 Crore along with interest @9% thereon from March 31, 2015 till the date of realization of award. As the award is being appealed against by MMMRDA, pending final outcome of the same, the Company has not recognised any income accruing on account of the same.

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

Sai Venkata Ramana Damarla
Partner
Membership. No. 107017

For CHHAJED & DOSHI
Chartered Accountants
Firm Registration No 101794W

Nitesh Jain
Partner
Membership. No. 136169

Place: Mumbai
Dated: May 7, 2019

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para 3 (f) 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the standalone Ind AS financial statements for the year ended March 31, 2019.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with respect to financial statements of **RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with respect to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with respect to Financial Statement based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with respect to financial Statement 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 with respect to financial Statement and their operating effectiveness.

Our audit of internal financial controls with respect to financial Statement included obtaining an understanding of internal financial controls with respect to financial statement, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with respect to Financial Statement

A Company's internal financial control with respect to financial statement is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with respect to financial statement includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls with respect to Financial Statement

Because of the inherent limitations of internal financial controls with respect to financial statement, 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 with respect to financial Statement to future periods are subject to the risk that the internal financial control with respect to financial statement may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial control with respect to financial statement system and such internal financial controls with respect to financial statement were operating effectively as at March 31, 2019, based on the internal control with respect to financial statement criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India"

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

Sai Venkata Ramana Damarla
Partner
Membership. No. 107017

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

Nitesh Jain
Partner
Membership. No. 136169

Place: Mumbai
Dated: May 7, 2019

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2019

The preparation of Financial Statements of Rashtriya Chemicals and Fertilizers Limited, Mumbai for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (the Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the Financial Statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 07 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit of the financial statements of Rashtriya Chemicals and Fertilizers Limited, Mumbai for the year ended 31 March 2019 under Section 143(6)(a) of the Act. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under section 143(6)(b) of the Act.

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

(Roop Rashi)
Director General of Commercial Audit and
ex-Officio Member, Audit Board-I, Mumbai.

Place: Mumbai
Date: 01 August 2019

BALANCE SHEET AS AT 31ST MARCH 2019

₹ Crore

PARTICULARS	NOTE NO.	AS AT 31.03.2019	AS AT 31.03.2018
ASSETS			
1. NON CURRENT ASSETS			
(a) Property, Plant and Equipment	1	1942.71	1903.49
(b) Capital Work in Progress	1.4	275.69	152.36
(c) Investment Property	2	6.29	5.10
(d) Intangible Assets	3	0.99	1.41
(e) Financial Assets			
(i) Investments			
Investment in Joint Ventures	4	16.35	5.02
Other Investments	4	69.99	57.38
(ii) Trade Receivables	5	-	-
(iii) Loans	6	0.27	0.41
(iv) Others	7	-	0.34
(f) Other non-current assets	8	297.26	328.85
		2609.55	**2454.36**
2. CURRENT ASSETS			
(a) Inventories	9	1478.78	741.65
(b) Financial Assets			
(i) Trade Receivables	10	4550.19	2860.41
(ii) Cash and Cash Equivalents	11	3.59	5.24
(iii) Bank balances other than (ii) above	12	1.27	0.72
(iv) Loans	13	26.01	6.86
(v) Others	14	46.23	81.21
(c) Other Current Assets	15	204.87	173.10
		6310.94	**3869.19**
TOTAL ASSETS		**8920.49**	**6323.55**
EQUITY AND LIABILITIES			
A. EQUITY			
(a) Equity Share Capital	16	551.69	551.69
(b) Other Equity	17	2483.01	2378.00
		3034.70	**2929.69**
B. LIABILITIES			
1. NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	18	425.11	320.06
(ii) Trade Payables	19		
(A) total outstanding dues of micro enterprises and small enterprises.		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		211.79	211.79
(iii) Other Financial Liabilities	20	43.72	34.71
(b) Provisions	21	181.46	253.78
(c) Deferred Tax Liabilities(Net)	22	280.33	219.77
(d) Other non-current liabilities	23	38.28	26.38
		1180.69	**1066.49**

BALANCE SHEET AS AT 31ST MARCH 2019

₹ Crore

PARTICULARS	NOTE NO.	AS AT 31.03.2019	AS AT 31.03.2018
2. CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	24	2885.47	934.59
(ii) Trade Payables	25		
(A) total outstanding dues of micro enterprises and small enterprises.		24.67	15.14
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		1130.42	687.97
(iii) Other Financial Liabilities	26	449.89	437.70
(b) Other Current Liabilities	23	72.82	80.15
(c) Provisions	27	141.83	135.80
(d) Current Tax Liabilities (Net)	28	-	36.02
		4705.10	**2327.37**
TOTAL EQUITY AND LIABILITIES		**8920.49**	**6323.55**

Statement of Significant Accounting Policies	A
Explanatory Information on Financial Statements	40 - 75

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

As per our report of even date attached

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

For Chhajed & Doshi
Chartered Accountants
Firm Regn. No. 101794W

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

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

(Nitesh Jain)
Partner
Membership No: 136169

(Umesh Dongre)
Director (Finance)
DIN : 08039073

Dated : 7th May, 2019
Place: Mumbai

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

Dated : 7th May, 2019
Place: Mumbai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

	PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2019	YEAR ENDED 31.03.2018
I	Revenue from Operations	29	8885.47	7281.96
II	Other Income	30	79.67	61.24
III	**Total Income(I+II)**		**8965.14**	**7343.20**
IV	**Expenses:**			
	Cost of Materials Consumed	31	3880.01	2995.89
	Purchases of Stock in Trade	32	798.15	213.66
	Changes in Inventories of Finished Goods and Stock in Trade	33	(605.27)	14.64
	Employee benefits expense	34	591.41	573.75
	Finance costs	35	155.85	62.59
	Depreciation and amortization expense / Impairment	36	155.69	137.04
	Other Expenses	37	3777.49	3217.29
	Total Expenses		**8753.33**	**7214.86**
V	**Profit before exceptional items (III-IV)**		**211.81**	**128.34**
VI	Exceptional Items	38	(23.44)	0.12
VII	**Profit before tax (V-VI)**		**235.25**	**128.22**
VIII	**Tax Expense**			
	(1) Current tax		57.12	72.75
	(2) Deferred tax		56.16	(4.06)
	(3) Taxation adjustment of earlier years Excess(-)/Short(+)		(17.20)	(19.27)
IX	**Profit/ (loss) for the period (VII-VIII)**		**139.17**	**78.80**
X	**Other Comprehensive Income**	39		
	(i) Items that will not be reclassified to profit or loss		8.82	(0.61)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(3.07)	(0.48)
	Other Comprehensive Income for the year (X)		**5.75**	**(1.09)**
XI	**Total Comprehensive Income for the year (IX+X)**		**144.92**	**77.71**
XII	Earnings per equity share			
	Basic and Diluted Earnings per share (₹)	55	2.52	1.43
	Statement of Significant Accounting Policies	A		
	Explanatory Information on Financial Statements	40 - 75		

For and on behalf of the Board of Directors

RASHTRIYA CHEMICALS AND FERTILIZERS LTD.

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

(Umesh Dongre)
Director (Finance)
DIN : 08039073

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

Dated : 7th May, 2019
Place: Mumbai

As per our report of even date attached

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

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

For Chhajed & Doshi
Chartered Accountants
Firm Regn. No. 101794W

(Nitesh Jain)
Partner
Membership No: 136169

Dated : 7th May, 2019
Place: Mumbai

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2019

A. EQUITY SHARE CAPITAL

₹ Crore

Balance as at 01.04.2018	Changes in equity share capital during the year	Balance as at 31.03.2019	Balance as at 01.04.2017	Changes in equity share capital during the year	Balance as at 31.03.2018
551.69	-	551.69	551.69	-	551.69

B. OTHER EQUITY

FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

Particulars	Reserves and Surplus		Items of Other Comprehensive Income	Total
	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	
Balance as at 01.04.2018	**2340.68**	**-**	**37.32**	**2378**
Profit for the year	-	139.17	-	139.17
Other Comprehensive Income (Net of Tax)	-	(2.46)	8.21	5.75
Total Comprehensive Income for the year	-	136.71	8.21	144.92
Dividend paid (Including Dividend Distribution Tax) Refer note no. 17	-	(39.91)	-	(39.91)
Transfer to General Reserve	96.80	(96.80)	-	-
Balance as at 31.03.2019*	**2437.48**	**-**	**45.53**	**2,483.01**

FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

Particulars	Reserves and Surplus		Items of Other Comprehensive Income	Total
	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	
Balance as at 01.04.2017	**2343.49**	**-**	**29.84**	**2373.33**
Profit for the year	-	78.80	-	78.80
Other Comprehensive Income (Net of Tax)	-	(8.57)	7.48	(1.09)
Total Comprehensive Income for the year	-	70.23	7.48	77.71
Dividend paid (Including Dividend Distribution Tax) Refer note no. 17	-	(73.04)	-	(73.04)
Transfer from General Reserve	(2.81)	2.81	-	-
Balance as at 31.03.2018*	**2340.68**	**-**	**37.32**	**2378.00**

* The closing balance in General Reserve is arrived after adjustment of Remeasurement of Defined Benefit Plans ammounting to ₹2.46 crore (P.Y. ₹ 8.57 crore) during the year net of current tax amounting to ₹ 1.33 crore (P.Y. ₹ 4.54 crore)

For and on behalf of the Board of Directors

RASHTRIYA CHEMICALS AND FERTILIZERS LTD.

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

(Umesh Dongre)
Director (Finance)
DIN : 08039073

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

Dated : 7th May, 2019
Place: Mumbai

As per our report of even date attached

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

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

For Chhajed & Doshi
Chartered Accountants
Firm Regn. No. 101794W

(Nitesh Jain)
Partner
Membership No: 136169

Dated : 7th May, 2019
Place: Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

	PARTICULARS	YEAR ENDED 31.03.2019		YEAR ENDED 31.03.2018	
A	Cash Flow From Operating Activities				
	Net Profit before tax		235.25		128.22
	Adjustments for :				
	Depreciation/Loss on impairment of Assets	156.03		137.24	
	Profit(-) / Loss on sale of Assets	(1.89)		(2.06)	
	Interest Income	(17.77)		(8.78)	
	Dividend Income	(0.32)		(0.27)	
	Interest and Finance Charges	155.85		62.59	
	Provision for Bad/Doubtful debts	24.58		17.01	
	Unrealised Foreign Exchange (Gain) /Loss	(6.28)		14.01	
			310.20		219.74
	Operating Profit before Working Capital Changes Adjustments for :		545.45		347.96
	Trade and Other Receivables	(1636.23)		412.88	
	Inventories	(737.13)		51.65	
	Trade Payables and Other Liabilities	289.98		293.63	
			(2083.38)		758.16
	Cash Generated from Operations		(1537.93)		1106.12
	Direct Taxes Paid		(98.50)		(28.00)
	Net Cash from Operating Activities ------ A		**(1636.43)**		**1078.12**
B	**Cash Flow from Investing Activities**				
	Additions to Fixed Assets (Net of trade credit)	(302.77)		(500.90)	
	Sale of Fixed Assets	4.75		7.21	
	Purchase of Investments -Joint Ventures and Subsidiary	(11.33)		(5.00)	
	Inter Corporate Advances / Deposits	(19.50)		(6.00)	
	Interest Received	17.76		8.75	
	Dividend Received	0.32		0.27	
	Government Grants Received	0.49	(310.28)	-	(495.67)
	Net Cash from Investing Activities ----- B		**(310.28)**		**(495.67)**
C	Cash Flow from Financing Activities				
	Net Proceeds /Repayment of Working capital facilities and short term loans	1956.88		(626.45)	
	Proceeds from Term loans	267.00		296.22	
	Repayments of Term loans	(87.19)		(123.14)	
	Interest paid	(151.89)		(61.16)	
	Dividend paid (including Dividend Distribution tax)	(39.74)		(72.99)	
			1945.06		(587.52)
	Net Cash from Financing Activities ----- C		**1945.06**		**(587.52)**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

PARTICULARS	YEAR ENDED 31.03.2019	YEAR ENDED 31.03.2018
Net Increase/Decrease(-) in Cash and		
Cash Equivalent (A+B+C)	(1.65)	(5.07)
Cash and Cash Equivalents as at 1st April (Opening Balance)	5.24	10.31
Cash and Cash Equivalents as at 31st March (Closing Balance)	3.59	5.24
Components of Cash and Cash Equivalents		
Cash on hand	0.01	0.01
Balance With Scheduled Banks		
in Current and Cash Credit Accounts	3.58	5.23
	3.59	**5.24**

Note :

1. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7 on Cash Flow Statement and presents cash flows by operating, investing and financing activities.

2. Figures in the Bracket are outflows / deductions.

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

4. The cash credit facilities availed from bank are part of financing activity which do not form part of cash and cash equivalents for Cash Flow Statement purpose.

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

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

(Umesh Dongre)
Director (Finance)
DIN : 08039073

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

Dated : 7th May, 2019
Place: Mumbai

As per our report of even date attached

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

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

For Chhajed & Doshi
Chartered Accountants
Firm Regn. No. 101794W

(Nitesh Jain)
Partner
Membership No: 136169

Dated : 7th May, 2019
Place: Mumbai

A. Statement of Significant Accounting Policies forming Part of Financial Statements for the year ended 31st March 2019

I) Corporate information

The Company is a public company domiciled in India and is incorporated under provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is located at Priyadarshini, Eastern Express Highway, Sion Mumbai 400022.

The Company is engaged in the manufacturing and marketing of fertilizers and industrial chemicals.

II) Basis of preparation

a. The standalone financial statements of the Company have been prepared in accordance with accounting standards prescribed under Section 133 of the Companies Act 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards)(Amendment) Rules, 2016 and other relevant provisions of the Act.

b. The standalone financial statements have been prepared under the historical cost and on accrual basis, except for the following:-

- Certain financial assets and liabilities (including Derivative financial instruments) measured at fair value
- Certain provisions recognized using actuarial valuation techniques
- Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.
- Transferable development Rights received upon surrender of rights on open land which are measured at fair value.

c. The standalone financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crores (₹ 00,00,000), except when otherwise indicated.

d. Significant accounting judgements, estimates and assumptions

1.1 The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities as at the Balance Sheet date.

1.2 Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Any revisions to the accounting estimates are recognized prospectively when revised, in current and future periods. Some of the significant judgements and assumptions exercised are given as under:-

1.2.1 **Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed separately.

1.2.2 **Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

1.2.3 **Defined benefit plans**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the management considers the interest rates of government bonds in India.

The mortality rate is based on publicly available mortality tables as defined by LIC. Future salary increases is based on Company's assessment based on past trends.

1.2.4 **Subsidy Income**

As per extant policies covering subsidy of Urea, major inputs like cost of energy, water etc. are a pass through in the same. Since the notified rates of subsidy of urea incorporating actual revision takes time, recognition of subsidy is generally made on the basis of in principle recognition/approval /settlement of claims from Government of India/Fertilizer Industry Co-ordination Committee while finalising the financial statements.

1.2.5 **Provisions for obsolescence**

Provisions towards obsolete/surplus inventory are recognized as per management estimates under the assumption that they may fetch 5% of their book value upon disposal.

1.2.6 **Fair value measurements of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in assumptions could affect the reported value of fair value of financial instruments.

1.2.7 **Application of Discount rates**

Estimates of rates of discounting are done for measurement of fair values of certain financial assets and liabilities, which are based on prevalent bank interest rates and the same are subject to change.

1.2.8 **Estimates of Useful lives of assets/ components**

Company has identified significant components of plant and machinery and provides for depreciation over their useful lives as per its technical assessment.

1.2.9 **Operating Lease**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement, is or contains a lease is fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly not specified in an arrangement.

For arrangements entered into prior 1st April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Lease arrangements in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

III) Significant accounting policies

A) Current versus non-current classification

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

An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,

- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

The classification of an asset either current or non-current has been made applying the criteria of realization of such assets within a period of 12 months after the reporting date.

Where assets have been fully provided for as doubtful, the same are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period , or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

B) Foreign currencies

The standalone financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency.

a. **Transactions and Balances**

Foreign Currency transactions are accounted at the rates prevailing on the date of transaction. Year-end monetary assets and liabilities are translated at the exchange rate prevailing on the date of the Balance sheet.

Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit and loss for the period in which they arise, except for the following:-

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use (i.e. Capital Work in progress), are included in the cost of those assets when they are regarded as an adjustment on account of interest costs on those foreign currency borrowings.
- Non-monetary items that are measured in terms of historical cost in foreign currencies are reported using the exchange rates at the date of the transaction.

b **Exemption availed under Ind AS 101:-**

Under Indian GAAP, Company had opted to capitalize exchange differences arising on translation of long term foreign currency monetary items in accordance with Para 46A of AS 11.

In accordance with Para D13AA of Ind AS 101, Company has continued with the policy of adjusting exchange differences arising on translation of long-term foreign currency monetary items outstanding as on 31st March 2016, related to acquisition of fixed assets, to the cost of the asset and depreciate the same over the remaining useful life of such asset. For this purpose, the Company treats a foreign currency monetary items as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its obligation.

C) Fair value measurement

The Company measures financial instruments, such as, derivatives, investments in equity instruments, etc. at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between the levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties, unquoted financial assets etc. Involvement of independent external valuers is decided upon annually by the Company. Further such valuation is done annually at the end of the financial year and the impact if any on account of such fair valuation is taken in the annual financial statements.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

D) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is recognized upon transfer of control of promised products and services to customers in an amount that reflects the consideration expected to be received in exchange for those products or services.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. Amounts disclosed as revenue are inclusive of excise duty and net of returns, rebates, Value added taxes and amounts collected on behalf of third parties.

Volume discounts, pricing incentives and other variable rebates are reduced from revenue. In respect of quantity rebates the Company recognizes the liability based on the estimate of the customer future purchases. Any change in the estimated amount of obligation of discount is accounted in the period in which the change occurs.

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

Subsidy

Recognition of Subsidy is generally made on the basis of in principle recognition/ approval/ settlement of claims from Government of India /Fertilizer Industry Co-ordination Committee.

Concessions in respect of Urea as notified under the New Pricing Scheme is recognized with adjustments for escalation/de-escalation in the prices of inputs and other adjustments as estimated by the management in accordance with the known policy parameters in this regard as notified by Government of India.

Subsidy on P&K fertilizers is recognized based on Concession rates as notified by the Government of India under Nutrient Based Subsidy Scheme from time to time.

Subsidy on imported Urea is recognized based on lump sum compensation, and other charges receivable from the Government of India, as per terms of agreement.

Uniform freight subsidy on Urea, P&K fertilizers and Imported Urea has been accounted in accordance with the parameters and notified rates.

Subsidy income is recorded based on the quantity sold during the financial year.

Remaining Other Operating revenue/other income are recognized on accrual basis.

Interest income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability.

For interest due from customers, vendor's etc. interest income is recognized when no significant uncertainty as to its realization exists and is accounted on time proportion basis at contracted rates.

Dividends

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental income

Rental income arising from operating leases is accounted on accrual basis in accordance with the terms of the contract since such charges are structured to increase in line with expected general inflation to compensate for expected inflationary cost.

Commission Income

For certain arrangements, Company acts as an agent. The role of the Company either as an agent or a principal is determined based on evaluation of the its role as a primary obligor, has the pricing latitude in the said arrangements, its exposure to inventory risks and credit risks, on case to case basis.

Government grants

Government grants are recognized in statement of profit and loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate and are presented within Other income.

Government grants relating to purchase of property, plant and equipment are credited to Statement of profit and loss on a Straight-line basis over the expected lives of the related assets.

Others

Insurance and other miscellaneous claims are recognized on receipt/acceptance of claim.

Income from sale of Certified Emissions Reductions (CER's)/Voluntary Emissions Reductions (VER's) is recognized on delivery and confirmation of the same by the concerned authorities.

E) Taxation

Income tax expense for a financial year represents the sum of tax currently payable, adjustments for tax provisions of previous years and deferred tax.

a. Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax items are recognized in correlation to the underlying transaction either in Other Comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of a asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting period.

c. **Current Tax and Deferred Tax**

Current and Deferred tax are recognized in Statement of Profit and loss, except when they relate to items that are recognized in Other Comprehensive Income (OCI) or directly in equity, in which case , the current and deferred tax are also recognized in OCI or directly in equity respectively.

d. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate taxable entity and the same taxation authority.

e. Minimum Alternate Tax(MAT) paid in a year is charged to the Statement of Profit and Loss as Current Tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit, in accordance with the Guidance Note on Accounting for credit available in respect of Minimum Alternate Tax under Income Tax Act 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as “MAT credit Entitlement” and grouped under Deferred Tax. The Company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

F) Property, plant and equipment

All items of property, plant and equipment, including freehold land are initially recorded at cost, net of recoverable taxes and discounts.

The cost includes the cost of replacing part of the property, plant and equipment meeting the recognition criteria and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment upto the date of commissioning of the assets.

Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Spares costing (Unit value of ₹10 lacs and above), and other components which are required to be replaced at intervals, meeting the recognition criteria have been classified as Plant and equipment and are depreciated separately based on their specific useful lives.

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in Statement of Profit and loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Catalysts which are used in commissioning of new projects/plants are capitalized and are amortized based on the estimated useful life as technically assessed. Subsequent issues of catalysts, if any, are treated as inventory.

Projects under which assets are not ready for their intended use are shown as Capital work in progress.

Freehold / Leasehold improvements are considered as property plant and equipment.

Exemption availed under Ind AS 101:- On transition to Ind AS, Company has elected to continue with the carrying value of all its property plant and equipment existing as at 1st April 2015, measured as per previous GAAP (Indian GAAP) and used that carrying value as the deemed cost of the property plant and equipment.

a. **Depreciation**

Depreciation is calculated on a Straight-line basis over the estimated useful lives of the assets on the depreciable amount when such assets are ready for their intended use.

Freehold land has an unlimited useful life and therefore is not depreciated.

Company has identified significant components of plant and machinery and provides for depreciation over their useful lives as per technical assessment, as per Para 4 of Schedule II to Companies Act, 2013. Depreciation on other Tangible assets is provided for as per useful lives prescribed in Schedule II to Companies Act, 2013, except for mobile telephones classified under office equipment's which are depreciated over a period of 3 years.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. A maximum residual value of 5% is considered for all assets, except in case of roads, wells and fences, office equipment's and end user computing devices like desk tops, laptops etc. where it is considered as NIL.

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

After recognition of impairment loss, the revised carrying amount less residual value of the impaired asset would be depreciated on systematic basis over the remaining useful life of the asset. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

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

The residual values, useful lives and method of depreciation of property plant and equipment are reviewed at each financial year and adjusted prospectively, if any.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit and loss in the year the asset is de-recognized.

Assets under construction/Capital Work in Progress included under Property, Plant and equipment are not depreciated as these assets are not yet available for use. However they are tested for impairment if any.

G) Investment Properties

Investment properties are properties that are held to earn rentals and /or for capital appreciation (including property under construction for such purposes) and not occupied by the Company for its own use.

Investment properties are measured initially at cost, including transaction costs cost and net of recoverable taxes. The cost includes the cost of replacing parts and borrowing costs if recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on Investment property, wherever applicable, is provided on straight line basis as per useful lives prescribed in Schedule II to Companies Act 2013.

Investment properties are derecognised either when they have been disposed off or when they are being occupied by the Company for its own use or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Exemption availed under Ind AS 101:-On transition to Ind AS, the Company has elected to continue with the carrying value of its Investment Property existing as at 1st April 2015, measured as per previous GAAP (Indian GAAP) and used that carrying value as the deemed cost of the same.

H) Intangible asset

a. Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost, net of recoverable taxes. The cost of intangible assets comprises its purchase price, and any cost directly attributable to bringing the asset to its working condition for the intended use. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Exemption availed under Ind AS 101 :- For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets existing as on 1st April 2015 measured as per the previous GAAP (Indian GAAP) and use that value as its deemed cost as of the transition date.

The Company has no intangible assets with infinite useful lives.

b. Amortization

Intangible assets (i.e. software applications) having finite useful lives are amortized over their respective individual estimated useful lives on a STRAIGHT-LINE BASIS, pro-rata from the date the asset is available to the Company for its use. Management estimates the useful life of software applications identified as intangible assets as three years. Any expenses incurred on intangible assets with finite useful lives up to ₹ 1 lakh in each case are being charged off in the year of incurrence.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

I) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from assets or group of assets (cash-generating units). If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

Company bases its impairment calculation on detailed budgets and forecasts which are prepared for each of its CGU separately.

For all the assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the CGU does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the CGU's in prior years. Such reversal is recognized in the Statement of Profit and Loss.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the Statement of profit and loss.

J) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are accumulated and capitalized upto the date when such assets are ready for their intended use or sale, as part of the cost of the asset.

All other borrowing costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

General Borrowings cost incurred in connection with qualifying assets are capitalized by applying the Capitalization rate on the quantum of such borrowings utilized for such assets.

K) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the contract lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

a. Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating lease payments are recognized as an expense in the Statement of profit and loss as per lease terms as such payments are structured to increase in line with expected general inflation.

b. Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised as revenues as per lease terms since such rentals are structured to increase in line with expected general inflation. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

L) Inventories

a. Assessment of Inventory

Raw Materials, Intermediary Products, By-Products and Finished Products inside factory premises, in bulk form, are assessed by survey method on a date as close as possible to the Balance Sheet date and the shortages /excesses in the quantities as compared to book stocks are adjusted in the books. Finished goods and other inventory stored outside the factory premises are taken as per warehousing certificates and third party confirmation respectively.

b. Mode of Valuation

Inventory is valued at lower of cost and net realizable value except in case of by-products, which are valued at, net realizable value.

Gases and slurries, if any, in pipelines at different stages of process are not valued as the same is not practicable.

Certified Emission Reductions (Carbon credits) is valued at lower of cost and net realizable value.

c. **Basis of Cost**

The cost of manufactured finished goods, bought out products and intermediary products are arrived at based on weighted average cost. Bifurcation of cost of joint products is made on technical estimates.

Cost of raw materials, petroleum products, packing materials, stores and spares, and loose tools is determined on weighted average cost basis.

Provision is made in respect of raw materials, packing materials, stores and spares and petroleum products, wherever appropriate, based on technical estimates, to reflect the impact of obsolescence, damage or other diminution in value.

d. **Measurement of Cost / Realizable Value**

Cost of Purchases

Cost of purchase includes duties, taxes (net of those recoverable) freight and other expenses net of trade discounts, rebates and price adjustments.

Cost of Manufactured goods

Cost of Manufactured Goods comprises of direct cost, variable production overheads and fixed production overheads on absorption costing method. Catalysts issued are charged off over their estimated useful lives as technically assessed. Variable production overheads are allocated based on actual production. Variable overheads related to movement of finished products are allocated based on actual dispatches. Fixed overheads are allocated based on higher of the actual production level or normal production level. Average handling and transportation costs incurred to bring the material in its present location and condition is included in valuing stocks in field warehouses and in transit.

Cost of Traded Fertilizers

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

Net Realizable Value

Price of urea is administered by the Government of India by which selling price is fixed for the buyer. The net realizable value for manufactured urea is taken at the applicable price concession (selling price net of dealers' margin plus the applicable subsidy from Government of India) net of variable selling and distribution cost. Net realizable value of off-spec urea is taken at 40% of MRP excluding subsidy.

The net realizable value of phosphatic and potassic fertilizers is taken at the applicable selling prices expected to be realized, net of dealers' margin and variable selling and distribution costs plus the concession as fixed/to be fixed by Government. Net realizable value of off-spec phosphatic and potassic fertilizers is taken at selling price net of dealers' margin and estimated cost of re-processing including transportation cost to factory. The net realizable value of off-spec traded phosphatic and potassic out fertilizers is at 30% of MRP excluding subsidy.

The Net realizable value of imported Urea is the selling price net of dealers' margin and other entitled compensation as contracted with the Government net of variable selling and distribution cost.

The net realizable value of off-spec imported Urea is taken at 40% of MRP excluding subsidy.

Average freight incurred on despatches from silo/ factory/ port to godown and other products handling costs is reduced for arriving at the net realizable value in respect of stocks of fertilizers in silo/ factory/port.

The net realizable value of non-fertilizer products is taken at lowest selling prices net of variable selling and distribution costs , expected to be realized in future.

M) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When a provision is expected to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

N) Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises where a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized but are disclosed where an inflow of economic benefits is probable. The estimation of financial effect in respect of contingent liabilities and contingent assets wherever not practicable, is not disclosed and such fact is accordingly stated.

O) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. **Financial assets**

Initial recognition and measurement

All financial assets are recognized initially at fair value. However in case of financial assets that are not recorded at fair value through profit or loss; the transaction costs that are directly attributable to the acquisition of issue of such financial assets are added to the value of the financial assets.

Subsequent measurement

Financial assets presently held by the Company are classified as under:-

- Debt instruments at amortized cost
- Debt instruments and derivatives at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income FVTOCI

b. **Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both of the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the statement of profit or loss. This category generally applies to trade and other receivables.

c. **Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit or loss.

d. **Equity investments**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may decide to classify the same as at FVTOCI. The Company makes such election on an instrument-by-instrument basis upon on initial recognition and same is irrevocable.

Upon classification of equity instruments as at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI.

There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investments. The Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

Investments in Joint ventures, subsidiaries and associates are recognized at cost.

Exemption availed under Ind AS 101:-On transition to Ind AS, Company has elected to continue with the carrying value of its investments Joint ventures as at 1st April 2015, measured as per previous GAAP and used that carrying value as the deemed cost of the same.

e. **Derivative financial instruments**

The Company enters into a variety of derivative financial instruments to manage its exposure to interest and foreign exchange rate risks, like foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value on the date the derivative contracts are entered into and are subsequently re-measured to their fair value (Mark to Market) at the end of each reporting period. The resulting gain or loss is recognized in the Statement of profit and loss. Company does not designate any of its derivative instruments as hedge instruments. Derivatives are carried as financial assets when fair value is positive and as financial liabilities when the fair value is negative.

Transaction costs incurred for such derivative instruments are charged off to Statement of Profit and Loss on initial recognition.

f. **Derecognition**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

g. **Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

i. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii. Lease receivables

iii. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

iv. Financial guarantee contracts which are not measured as at FVTPL

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. All cash shortfalls) discounted at the original effective interest rate.

While estimating cash flows, Company considers all contractual terms of financial instrument over the expected life of the financial instrument including cash flows from the sale of collateral held that are integral to contractual terms.

The company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

  Based on the same, it recognizes impairment allowance based on lifetime ECL at each reporting date, right from its initial recognition.

  Further for the purpose of measuring lifetime ECL allowance for trade receivables the Company has used a practical expedient as permitted under Ind AS 109.This expected credit loss allowance is computed based on a provision matrix which takes in account historical credit loss experience with adjustments for collaterals available and forward looking information, if required.

  ECL allowance is not recognized on Subsidy receivables since they are due from Government of India and also on other receivables which are largely due from Government agencies, as the Company does not perceive any risk of default which would be material.

  For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

  ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

  Financial assets measured as at amortised cost, trade receivables and lease receivables:

  ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet.

  The allowance reduces the net carrying amount, until the asset meets write-off criteria.

  Trade receivables, other receivables, loans and advances are also fully provided for as doubtful upon review on case to case basis, to the extent of such loss considered as incurred.

h. **Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition as loans and borrowings, payables, derivatives and financial liabilities at fair value through profit or loss. The Company's financial liability consists of trade and other payables, loans and borrowings, bank overdrafts, financial guarantee contracts and derivative financial instruments.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs, if any.

Subsequent measurement

The subsequent measurement of financial liabilities of the Company depending on their classification is described below:-

Loans and borrowings including bank overdrafts

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

This category generally applies to interest-bearing loans and borrowings.

i. **Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder of the guarantee for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

P) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Q) Non – current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Transferable development Rights having commercial substance, received upon surrender of rights on open land is initially measured at fair value. Their subsequent measurement would be at lower of their carrying amount and fair value less costs to sell, since they are expected to be disposed.

R) Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in statement of profit and loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate and are presented within Other income.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

Government grants relating to purchase of property, plant and equipment are included in Other non-current liabilities and are credited to profit or loss on a Straight-line basis over the expected lives of the related assets.

In the event of such property, plant and equipment being disposed off before completion of its estimated useful life, the outstanding amount of such capital grant is fully credited to profit or loss in the year of its disposal.

S) Employee benefits

a. **Short Term Employee Benefits:**

All employee benefits payable within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

b. **Retirement benefit costs and termination benefits and other long term employee benefits**

Defined Contribution Schemes

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Company's defined Contribution made to its Superannuation scheme is charged off to Statement of Profit and Loss on accrual basis.

Defined Benefit Plans

Provident Fund

Contribution to Provident Fund is accounted for on accrual basis. The Provident Fund contributions are made to a Trust administered by the Company by both the employer as well as employee. The Trust invests in specific designated instruments as permitted by Indian Law. The interest rate payable to the members of the Trust is being administered by the Government. The Company has an obligation to make good the shortfall, if any between the return from the investments of the Trust and the notified interest rate. Such shortfall on account of interest is recognized in the Statement of Profit and Loss.

Gratuity and Post-retirement medical benefits

For Defined Benefit plans comprising of gratuity, post-retirement medical benefits the cost of providing benefits is determined using the Projected Unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expenses or income; and
- re-measurements

The Company presents the first two components of defined benefit costs in the Statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans

The cost of the defined benefit gratuity plan and other Post employment medical benefits and the present value of gratuity obligation are determined using actuarial valuation techniques.

Termination Benefits

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Other Long term benefits

Liabilities recognized in respect of other long term benefits like leave encashment and long term service awards are measured at the present value of the estimated future cash outflows to be made by the Company (based on actuarial valuation)in respect of services provided by employees upto the reporting date.

T) Segment Reporting

The Company has recognized the following operating segments, viz Fertilizers, Industrial Chemicals and Trading, the business activities it is primarily engaged into. The same has been done based on the review of the operating results, internal reporting, review of performance, decision making relating to future allocation of resources, policy parameters influencing business etc. carried out by its Chief Operating Decision Maker i.e. Executive Management Committee/Board of Directors.

U) Prepaid Expenses

Individual expense up to ₹1,00,000 is not considered in classifying prepaid expenses.

V) Research and Developments expenses

Revenue expenditure on Research activity is recognized separately and charged to Statement of Profit and Loss. Expenditure on development activities is capitalized when its future economic benefits can reasonably be regarded as assured.

W) Earnings per Share (EPS)

Basic earnings per share is calculated by dividing net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Upon discontinuation of an operation the basic and diluted amount per share for the discontinued operation is separately reported, as applicable.

X) Cash Dividend

The Company recognizes a liability to make cash distributions to shareholders when the distribution is authorized and the same is no longer at the discretion of the Company. As per corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

IV) Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions.

Company has elected to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition measured as per Indian GAAP and use that as its deemed cost as at date of transition. The same is applicable even for Investment property, intangible assets and its investments in Joint venture, associates and subsidiaries.

Company has also reviewed the necessary adjustments required to be done in accordance with paragraph D21 this standard (i.e. adjustments arising on account of decommissioning or restoration liabilities) and has accordingly considered the impact of the same wherever applicable.

The Company has designated unquoted equity instruments held at 1 April 2015 as fair value through OCI.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 1 PROPERTY, PLANT AND EQUIPMENT

Sr. No.	Description	DEEMED COST / COST				DEPRECIATION				IMPAIRMENT LOSS			NET BOOK VALUE	
		AS.AT 01.04.2018	Of Additions/ Adjustments *	Of Deductions/ Adjustments	AS.AT 31.03.2019	UPTO 01.04.2018	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2019	UPTO 01.04.2018	Provided during the year	UPTO 31.03.2019	AS.AT 31.03.2019	AS.AT 31.03.2018
a.	Land (Freehold)	10.76	-	0.02	10.74	-	-	-	-	-	-	-	10.74	10.76
b.	Buildings	134.93	29.73	1.53	163.13	16.68	8.92	0.18	25.42	0.71	-	0.71	137.00	117.54
c.	Plant & Machinery	2019.49	142.98	1.05	2161.42	339.47	127.49	(0.02)	466.98	7.40	-	7.40	1687.04	1672.62
d.	Furniture & Fixtures	10.73	0.93	0.03	11.63	4.14	1.42	0.01	5.55	-	-	-	6.08	6.59
e.	Vehicles	3.41	0.14	0.19	3.36	1.70	0.41	0.13	1.98	-	-	-	1.38	1.71
f.	Office Equipments	18.11	7.18	0.18	25.11	11.00	3.62	0.04	14.58	-	-	-	10.53	7.11
g.	Others													
i)	Roads & Culverts	9.89	2.29	-	12.18	3.85	1.53	0.01	5.37	-	-	-	6.81	6.04
ii)	Railway sidings	14.83	0.46	-	15.29	4.08	1.04	-	5.12	-	-	-	10.17	10.75
iii)	Water System, Sewerage & Drainage	19.57	0.63	-	20.20	2.99	1.28	-	4.27	-	-	-	15.93	16.58
iv)	Miscellaneous Equipments	75.36	12.31	0.06	87.61	21.57	9.02	0.01	30.58	-	-	-	57.03	53.79
	TOTAL	**2317.08**	**196.65**	**3.06**	**2510.67**	**405.48**	**154.73**	**0.36**	**559.85**	**8.11**	**-**	**8.11**	**1942.71**	**1903.49**
	Previous Year Figures	1818.43	504.70	6.05	2317.08	271.00	135.38	0.90	405.48	9.19	(1.08)	8.11	1903.49	1538.24

1.1

₹ Crore

* Additions/Adjusments in PPE include the following	Item of Asset	AS AT 31.03.2019	AS AT 31.03.2018
Exchange Differences	Plant & Machinery	3.37	0.07
Borrowing Costs		-	7.66
TOTAL		**3.37**	**7.73**

1.2 Land at Thal included in Gross Block (at cost) at ₹ 4.43 Crore (area measuring 50,52,476 Sq. Mtr.) is subject to final revision in price.

1.3 Assets offered as security for loans have been provided in Note No 18

1.4

₹ Crore

	AS AT 31.03.2019	AS AT 31.03.2018
Capital work in progress	275.69	152.36

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 2 NON-CURRENT ASSETS - INVESTMENT PROPERTY													
	DEEMED COST / COST				DEPRECIATION				IMPAIRMENT LOSS			NET BOOK VALUE	
Description	AS.AT 01.04.2018	Of Additions/ Adjustments	Of Deductions/ Adjustments	AS.AT 31.03.2019	UPTO 01.04.2018	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2019	UPTO 01.04.2018	Provided during the year	UPTO 31.03.2019	AS.AT 31.03.2019	AS.AT 31.03.2018
Land (Freehold)	0.01	-	-	0.01	-	-	-	-	-	-	-	0.01	0.01
Buildings	5.52	1.52	-	7.04	0.43	0.16	(0.17)	0.76	-	-	-	6.28	5.09
TOTAL	**5.53**	**1.52**	**-**	**7.05**	**0.43**	**0.16**	**(0.17)**	**0.76**	**-**	**-**	**-**	**6.29**	**5.10**
Previous Year Figures	5.53	-	-	5.53	0.28	0.15	-	0.43	-	-	-	5.10	5.25

2.1 The Company's investment properties consist of commercial / residential properties located at Mumbai, Alibaug and Lucknow. The management has determined that the investment properties consist of two classes of assets – land and building.

2.2

₹ Crore

Information regarding income and expediture of Investment Property	AS AT 31.03.2019	AS AT 31.03.2018
Rental income derived from investment properties	28.98	24.23
Less: Direct operating expenses (including repairs and maintenance) generating rental income	1.10	0.99
Less: Direct operating expenses (including repairs and maintenance) that did not generate rental income	0.13	0.07
Profit arising from investment properties before depreciation and indirect expenses	**27.75**	**23.17**
Less: Depreciation	0.15	0.14
Profit arising from investment properties before indirect expenses	**27.60**	**23.03**

2.3 Company undertakes expenditure towards Maintenance for upkeep of its properties which also covers the portion relating to Investment Property. The same being not material, no separate disclosure of contracts entered into for maintainance of investment property is given.

2.4 As at 31 March 2019, the fair values of the properties is ₹ 840.55 crore (₹ 691.14 crore as on 31.03.2018). These valuations are based on valuations performed by Ms Anmol Sekhri Consultant Pvt. Ltd, an accredited independent valuer and has worked out the value of the property based on the information and a study of the micro market in discussions with industry experts, local brokers and regional developers.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

2.5 Fair value disclosures for investment properties is detailed below

₹ Crore

Reconciliation of Fairvalue	AS AT 31.03.2019	AS AT 31.03.2018
LAND		
Opening balance	223.60	214.35
Fair Value	232.84	223.60
Fair value difference	9.24	9.25
Purchases / Transfers	-	-
Fair value difference	-	-
Closing balance	**232.84**	**223.60**
BUILDING		
Opening balance	467.54	438.75
Fair Value	606.19	467.54
Fair value difference	138.65	28.79
Purchases / Transfers	1.52	-
Fair value difference	-	-
Closing balance	**607.71**	**467.54**
TOTAL		
Opening balance	691.14	653.10
Fair Value	839.03	691.14
Fair value difference	147.89	38.04
Purchases / Transfers	1.52	-
Fair value difference	-	-
Closing balance	**840.55**	**691.14**

₹ Crore

NOTE No. 3 NON-CURRENT ASSETS - INTANGIBLE ASSETS

Description	DEEMED COST / COST				AMORTISATION				IMPAIRMENT LOSS			NET BOOK VALUE	
	AS.AT 01.04.2018	Of Additions/ Adjustments	Of Deductions/ Adjustments	AS.AT 31.03.2019	UPTO 01.04.2018	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2019	UPTO 01.04.2018	Provided during the year	UPTO 31.03.2019	AS.AT 31.03.2019	AS.AT 31.03.2018
Computer Software	11.77	0.72	-	12.49	10.36	1.14	-	11.50	-	-	-	0.99	1.41
TOTAL	**11.77**	**0.72**	**-**	**12.49**	**10.36**	**1.14**	**-**	**11.50**	**-**	**-**	**-**	**0.99**	**1.41**
Previous Year Figures	10.92	0.85	-	11.77	7.57	2.79	-	10.36	-	-	-	1.41	3.35

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 4 "NON-CURRENT ASSETS" "FINANCIAL ASSETS -INVESTMENTS"	AS AT 31.03.2019	AS AT 31.03.2018
Investments in Equity Instruments:		
(Unquoted Trade Investments (Fully paid up)		
a **Joint Ventures**		
Talcher Fertilizers Limited	16.35	5.02
(Formerly known as Rashtriya Coal Gas Fertilizers Limited)		
(1,63,44,568 equity shares (P.Y. 50,15,000 equity shares) of ₹10 each)		
(Under lock in period for 5 year from date of commercial operation)		
b **Others**		
Indian Potash Limited*	69.99	57.38
(6,73,200 equity shares (P.Y.3,36,600 equity shares) of ₹10 each)		
TOTAL	**86.34**	**62.40**

*Reconciliation of fair value measurement of the investment in unquoted equity shares of Indian Potash Limited (IPL)

	31.03.2019	**31.03.2018**
Opening balance	57.38	44.88
Total Gains and losses recognised in OCI	12.61	12.50
Closing Balance	**69.99**	**57.38**

₹ Crore

NOTE NO. 5 "NON-CURRENT ASSETS" "FINANCIAL ASSETS - TRADE RECEIVABLES"	AS AT 31.03.2019	AS AT 31.03.2018
Debtors		
Credit Impaired	1.87	0.93
Less: Provision for doubtful debts	(1.87)	(0.93)
TOTAL	**-**	**-**

₹ Crore

NOTE NO. 6 "NON-CURRENT ASSETS" "FINANCIAL ASSETS - LOANS"	AS AT 31.03.2019	AS AT 31.03.2018
i. Secured Considered Good Loans- Employees	0.27	0.41
ii. Unsecured Considered Good	-	-
iii. Significant Increase in Credit Risk	-	-
iv. Credit Impaired	-	-
TOTAL	**0.27**	**0.41**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 7	"NON-CURRENT ASSETS" "FINANCIAL ASSETS - OTHERS"	AS AT 31.03.2019	AS AT 31.03.2018
(i)	**Advances to Related Parties**		
	Considered Doubtful (Refer Note No 53.2)	36.50	17.00
	Less: Provision	(36.50)	(17.00)
		-	-
(ii)	Advance against Equity Pending allotment (Refer Note No 53.2)	2.36	2.36
	Less: Provision towards diminution in value	(2.36)	(2.36)
		-	-
(iii)	**Others**		
	Receivables towards Rent / Services provided		
	Unsecured - Considered Doubtful	5.84	0.52
	Less: Provision for doubtful Receivables	(5.84)	(0.52)
		-	-
	Finance Lease receivable* (Refer note no. 43)	-	0.34
	TOTAL	**-**	**0.34**

* Expected credit loss-NIL

₹ Crore

NOTE NO. 8	"NON-CURRENT ASSETS" "OTHER NON-CURRENT ASSET"	AS AT 31.03.2019	AS AT 31.03.2018
(i)	**Capital Advances**		
	Unsecured -Considered Good	55.48	34.14
(ii)	**Advances other than capital advances**		
a.	**Security Deposits**		
	Unsecured -Considered Good (Refer Note No 41.1.3)	19.12	17.99
	Considered Doubtful	0.27	0.31
	Less: Provision	(0.27)	(0.31)
		19.12	17.99
b.	**Loans (Material given on refundable basis) to Related Parties**		
	Considered Doubtful	1.37	1.37
	Less: Provision	(1.37)	(1.37)
		-	-
c.	**Other Advances**		
	Unsecured -Considered Good		
i.	VAT Receivable		
	Unsecured -Considered Good	107.58	190.19
	Unsecured -Considered Doubtful	1.30	1.30
	Less: Provision	(1.30)	(1.30)
		107.58	190.19
ii.	Other Advances Considered Doubtful	1.62	4.57
	Less: Provision for doubtful advances	(1.62)	(4.57)
		-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 8	"NON-CURRENT ASSETS" "OTHER NON-CURRENT ASSET"	AS AT 31.03.2019	AS AT 31.03.2018
iii.	Advance Income Tax (Net of Provision)	105.15	79.44
iv	Deposits with customs, Port Trust etc.		
	Unsecured -Considered Good	2.99	2.59
	Unsecured -Considered Doubtful	2.00	2.00
	Less: Provision (Refer Note No 54)	(2.00)	(2.00)
		2.99	2.59
v.	Prepaid expenses	1.06	1.35
vi.	Lease Premium Prepaid	2.48	2.62
vii.	Other Miscellaneous	3.17	0.24
	Total Other Advances	222.43	276.43
(iii)	**Others**		
	Employee Benefit Asset	0.23	0.29
	TOTAL	**297.26**	**328.85**

₹ Crore

NOTE NO. 9	"CURRENT ASSETS" "INVENTORIES"	AS AT 31.03.2019	AS AT 31.03.2018
i.	Raw materials	272.72	150.55
	Raw materials-in-transit	0.36	0.24
	Raw materials (Total)	273.08	150.79
ii.	Finished Goods	306.02	217.34
	Finished Goods-in-transit	81.70	61.62
	Finished Goods (Total)	387.72	278.96
iii.	Stock in Trade/Bought out Products	121.57	0.26
	Stock in Trade/Bought out Products-in-transit	375.96	-
	Stock in Trade/Bought out Products (Total)	497.53	0.26
iv.	Intermediary Products	35.41	33.58
v.	By products	4.43	7.02
vi.	Stores & Spares, packing materials and Petroleum products	308.23	295.66
	Less: Provision for Obsolescence etc./Loss under Investigation (Refer Note No. 50)	(27.62)	(24.62)
		280.61	271.04
vii.	Certified Emission Reduction Credits (Refer Note No. 58) (No. of Units C.Y. 9,73,738 , P.Y. 9,73,738)	-	-
	TOTAL	**1478.78**	**741.65**
	Inventory Includes:		
	Stores and Spares		
	a)Under inspection	0.46	0.12
	b)Platinum & Rhodium stolen in earlier year and under investigation which is not available for verification	0.21	0.21
	c)With fabricators	8.32	16.90
	Cost of Inventories Recognised as expense	3913.78	3022.62
	Writedown of Inventories charge to P&L (difference between cost & NRV)	3.56	7.32
	Reversal of writedowns	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 10 "CURRENT ASSETS" "FINANCIAL ASSETS - TRADE RECEIVABLES"	AS AT 31.03.2019	AS AT 31.03.2018
Subsidy Receivable (Unsecured - considered good)*	4199.66	2568.13
Sundry Debtors		
Secured - Considered good	112.55	87.14
Unsecured - Considered good	239.45	206.17
Significant Increase in Credit Risk	0.30	2.17
	352.30	295.48
Less : Provision for expected credit loss **	(1.77)	(3.20)
Total - Sundry Debtors	350.53	292.28
TOTAL	**4550.19**	**2860.41**

*Includes an amount of ₹788.17 crore(P.Y. ₹82.83 crore) under special banking arrangement secured by way of specific subsidy claims to be settled by DoF/FICC)

** The company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes into account historical credit loss experience. The expected credit loss (ECL) allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting is as follows:

ECL % - Ageing		
Not due	0.25	0.28
00 - 90 days	2.66	2.85
91 - 180 days	15.36	16.64
181 - 365 days	54.63	55.03
> 365 days (fully secured)	-	-
Age of Receivables (₹Cr)		
Not due	339.69	275.49
00 - 90 days	9.60	14.65
91 - 180 days	2.00	1.73
181 - 365 days	0.64	3.15
> 365 days (fully secured)	0.37	0.46
	352.30	**295.48**
Movement in ECL allowance (₹Cr)		
Balance at Beginning of the year	3.20	3.19
Movement	(1.44)	0.01
Balance at End of the year	1.76	3.20

Out of the total Sundry Debtors, Debtors amounting to ₹114.87 Crore as on 31.03.2019 (PY ₹87.13 Crore) are secured against collaterals in form of Deposits / Bank Guarantees received and held by the Company

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 11	"CURRENT ASSETS" "FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS"	AS AT 31.03.2019	AS AT 31.03.2018
Cash and Cash Equivalents			
i.	Balances with Bank	3.58	5.23
ii.	Cheques in hand*	-	-
iii.	Cash on hand	0.01	0.01
	TOTAL	**3.59**	**5.24**

The above cash and cash equivalent have not been pledged
(* CY NIL PY ₹ 25,328)

₹ Crore

NOTE NO. 12	"CURRENT ASSETS" "FINANCIAL ASSETS - OTHER BANK BALANCES"	AS AT 31.03.2019	AS AT 31.03.2018
i.	Margin money deposit / Bond Money received from Employees	0.39	0.01
ii.	In unpaid Dividend Account *	0.88	0.71
	TOTAL	**1.27**	**0.72**

* Earmarked balances with banks / No amounts are due & payable to Investor Education & Protection Fund

₹ Crore

NOTE NO. 13	"CURRENT ASSETS" "FINANCIAL ASSETS - LOANS"	AS AT 31.03.2019	AS AT 31.03.2018
i.	**Secured Considered Good**		
	Loans- Employees	0.51	0.86
ii.	**Unsecured Considered Good (Refer Note No 53.3)**		
	Loan- Other CPSE	25.50	6.00
iii.	Significant Increase in Credit Risk	-	-
iv.	Credit Impaired	-	-
	TOTAL	**26.01**	**6.86**

₹ Crore

NOTE NO. 14	"CURRENT ASSETS" "FINANCIAL ASSETS - OTHERS"	AS AT 31.03.2019	AS AT 31.03.2018
i.	Finance Lease receivable (Refer Note No 43)*	0.34	0.62
ii.	Advance to Related Party	0.05	0.03
iii.	Derivatives not designated as hedges (receivable)	0.14	2.33
iv.	Interest Accrued	0.16	0.15
v.	Receivables towards Rent / Services provided	45.54	78.08
	TOTAL	**46.23**	**81.21**

* Expected credit loss-NIL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 15	"CURRENT ASSETS" "OTHER CURRENT ASSETS"	AS AT 31.03.2019	AS AT 31.03.2018
i. Advances other than capital advances			
Security Deposits			
Unsecured -Considered Good		0.22	0.95
ii. Other Advances			
Unsecured -Considered Good			
i.	Contractors	19.73	23.19
ii.	Employees	0.31	0.25
iii.	GST Receivable (Asset)	43.37	33.81
iv.	Prepaid expenses	9.00	5.38
v.	Lease Premium Prepaid	0.14	0.14
vi.	Others	-	0.01
Total Other Advances		72.55	62.78
iii. Non Current Assets held for Disposal *		131.97	109.11
iv. Employee Benefit Asset		0.13	0.26
	TOTAL	**204.87**	**173.10**

*Includes an amount of ₹131.49 crore (P. Y. ₹108.03 crore) being the value of Transferable Development Rights received / receivable in lieu of land parcels handed over to Mumbai Metropolitan Regional Development Authority(MMRDA) and MCGM, statutory bodies under Government of Maharashtra for the construction of public road, recognised at fair market value.

₹ Crore

NOTE NO. 16	"EQUITY" "EQUITY SHARE CAPITAL"	AS AT 31.03.2019	AS AT 31.03.2018
Authorised			
80,00,00,000 Equity Shares of ₹10/- each.		800.00	800.00
Issued, Subscribed and Paid Up			
55,16,88,100 Equity shares of ₹10/- each fully paid up.		551.69	551.69
	TOTAL	**551.69**	**551.69**

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

	31.03.2019		31.03.2018	
	No.	₹ Crore	No.	₹ Crore
EQUITY SHARES				
At the beginning of the year	551688100	551.69	551688100	551.69
Issued during the year	-	-	-	-
Outstanding at the end of the year	**551688100**	**551.69**	**551688100**	**551.69**

Terms/Rights Attached to Equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each share holder is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

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

	AS AT 31.03.2019		AS AT 31.03.2018	
	No.	% age of shareholding	No.	% age of shareholding
i. President of India	413769483	75.00%	413769483	75.00%

₹ Crore

NOTE NO. 17 "EQUITY" "OTHER EQUITY"	AS AT 31.03.2019	AS AT 31.03.2018
i. Other Reserves		
General Reserve		
Opening Balance	2340.68	2343.49
Add: Transferred (to) / from Retained Earnings	96.80	(2.81)
Closing Balance	2437.48	2340.68
Equity Instruments through Other Comprehensive Income Reserve		
Opening Balance	37.32	29.84
Add: Changes in accounting policy as per IND AS (Net of Tax)	-	-
Add: Other Comprehensive Income for the year (Net of Tax)	8.21	7.48
Closing Balance	45.53	37.32
ii. Retained Earnings		
Opening Balance / Adjustments	-	-
Profit for the year	139.17	78.80
Add: Remeasurement of Defined Benefit Plans (Net of Tax) - Actuarial Valuation	(2.46)	(8.57)
Less: Dividends paid (C.Y. ₹0.60 per share, P.Y. ₹1.10 per share)	(33.10)	(60.69)
Less: Dividend Distribution Tax	(6.81)	(12.35)
Less: Transfer (to) / from General Reserve	(96.80)	2.81
Closing Balance	-	-
TOTAL	**2483.01**	**2378.00**

For FY 2018-19, The board of directors have recommended a dividend of ₹0.77 per share (P.Y. ₹0.60 per share) which is subject to approval of the shareholders. Further the same is subject to dividend distribution tax at the applicable rate which works out to ₹ 8.73 crore (P.Y. ₹6.81 crore)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 18 "NON-CURRENT LIABILITIES" "FINANCIAL LIABILITIES - BORROWINGS"	AS AT 31.03.2019		AS AT 31.03.2018	
	Non Current	Current	Non Current	Current
SECURED				
Term Loan from Banks				
1 Rupee Loan from Banks				
a. Kotak Mahindra Bank Limited	176.47	58.82	94.12	5.88
A loan of ₹250 crore availed from Kotak Mahindra Bank is secured by first pari passu charge by way of hypothecation on movable fixed assets (machinery and equipments) of the Ammonia plant situated at Thal to the extent of 1.25 times of the amount borrowed from bank. The rate of interest is linked to 3 months MIBOR (reset after every 3 months) plus fixed margin of 1.11% per annum. Repayment of the said loan would fall due for ₹ 58.82 crore in F.Y. 2019-20, ₹58.82 crore in FY 2020-21, ₹58.82 crore in FY 2021-22, ₹58.83 crore in FY 2022-23.				
b. Exim Bank	89.47	27.53	-	-
A loan of ₹ 117 crore availed from EXIM Bank is secured by first pari passu charge by way of hypothecation on movable fixed assets (machinery and equipments) present and future of the Urea Plant situated at Thal to the extent of 1.25 times of the amount borrowed from bank. The rate of interest is linked to 1 year G-sec (reset after every 3 months) plus fixed margin of 1.20% per annum. Repayment of the said loan would fall due for ₹27.53 crore in F.Y. 2019-20, ₹27.53 crore in FY 2020-21, ₹27.53 crore in FY 2021-22, ₹27.53 crore in FY 2022-23 and ₹6.88 crore in F.Y 2023-24.				
	265.94	86.35	94.12	5.88
2 Foreign Currency Loan / External Commercial Borrowings				
a. Kotak Mahindra Bank Limited	-	20.72	19.48	25.99
A foreign currency Term loan of ₹ 100 crore equivalent to USD 15.99 Million availed by the Company from Kotak Mahindra Bank Limited, is secured by way of hypothecation on movable fixed assets (machinery and equipments) of the Ammonia V Plant situated at Trombay to the extent of 1.25 times of the loan amount. The rate of interest is 6 months USD LIBOR plus margin of 2.75% per annum. Repayment of the entire loan outstanding loan of ₹20.72 crore is due in FY 2019-2020.				
b. Yes Bank Limited	28.36	11.35	37.37	10.67
A foreign currency Term loan of ₹55 crore equivalent to USD 8.21 Million availed by the Company from Yes Bank Limited, is secured by way of hypothecation on movable fixed assets (machinery and equipments) of the Medium Pressure (MP) and High Pressure (HP) Nitric Acid Plant situated at Trombay to the extent of 1.25 times of the loan amount. The rate of interest is fixed at 3.70% per annum. Repayment of the said loan would fall due for ₹11.35 crore in FY 2019-20, ₹11.35 crore in FY 2020-2021, ₹11.35 crore in FY 2021-22, and ₹5.66 crore in FY 2022-23.				
c. State Bank of India	130.81	32.70	169.09	33.82
Term loan of EURO 25.50 Million availed by the Company from State Bank of India Antwerp branch, under RBI Loan Registration no. 201709145 is secured by way of hypothecation on movable fixed assets (machinery and equipments) of the GTG & HRSG project situated at Thal to the ext ent of 1.25 times of the loan amount. The rate of interest is 6 months EURIBOR plus margin of 1.05% per annum. Repayment of the said loan would fall due for ₹32.70 crore in FY 2019-2020, ₹32.70 crore in FY 2020-21, ₹32.70 crore in FY 2021-22 , ₹32.70 crore in FY 2022-23 and ₹32.71 crore in FY 2023-24.				
	159.17	64.77	225.94	70.48
Amount disclosed under the head "OTHER CURRENT LIABILITIES" (Refer Note No. 26)		(151.12)		(76.36)
TOTAL	425.11	-	320.06	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 19 "NON-CURRENT LIABILITIES" "FINANCIAL LIABILITIES - TRADE PAYABLES"	AS AT 31.03.2019	AS AT 31.03.2018
Trade Payables		
(A) Outstanding dues of micro enterprises and small enterprises	-	-
(B) Outstanding dues of creditors other than micro enterprises and small enterprises	211.79	211.79
(Refer Note No. 48)		
TOTAL	**211.79**	**211.79**

₹ Crore

NOTE NO. 20 "NON-CURRENT LIABILITIES" "FINANCIAL LIABILITIES - OTHERS"	AS AT 31.03.2019	AS AT 31.03.2018
i. Security Deposit from Vendors	43.71	34.70
ii. Deposit from Employees	0.01	0.01
TOTAL	**43.72**	**34.71**

₹ Crore

NOTE NO. 21 "NON-CURRENT LIABILITIES" "PROVISIONS"	AS AT 31.03.2019	AS AT 31.03.2018
Provision for Employee Benefits		
i. Leave Salary Encashment	98.95	99.54
ii. Post Retirement Medical Benefits	71.64	62.14
iii. Gratuity	10.57	91.75
iv. Long Service Award	0.30	0.35
TOTAL	**181.46**	**253.78**

₹ Crore

NOTE NO. 22 "NON-CURRENT LIABILITIES" "DEFERRED TAX LIABILITIES (NET)"	AS AT 31.03.2019	AS AT 31.03.2018
a. **Deferred Tax Liability:**		
i. Depreciation	392.47	356.93
ii. Fair value of Investments	24.29	19.89
iii. Revenue from TDR	8.39	-
iv. Other timing differences	1.01	0.77
TOTAL	426.16	377.59
b. **Deferred Tax Asset:**		
i. Provision for doubtful debts/claims/advances	16.49	8.63
ii. Provision for obsolescence of stores	9.65	8.61
iii. Provision for diminution in value of investments	12.37	12.37
iv. Expenditure allowable on payment basis	92.91	113.26
v. Disallowances to be claimed in future on actual basis	0.00	10.09
vi. MAT Credit	6.01	0.00
vii. Other timing differences	8.40	4.86
TOTAL	145.83	157.82
Net Deferred Tax Liability	**280.33**	**219.77**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 23 "OTHER LIABILITIES"		AS AT 31.03.2019	AS AT 31.03.2018
I NON CURRENT			
i. Advance rent Received	**23 A**	6.99	9.76
ii. Government Grants	**23 B**	1.28	1.11
iii. Deferred Deposit		30.01	15.51
TOTAL OTHER NON CURRENT LIABILITIES (I)		**38.28**	**26.38**
II CURRENT			
(a) Revenue received in advance			
Income received in advance from Customers		39.98	56.82
(b) Other Advances			
Retention money		12.50	12.50
(c) Other Liabilities:			
i. Advance Rent Received	**23 A**	2.55	2.58
ii. Government Grants	**23 B**	0.32	0.30
iii. Deferred Deposit		4.53	3.76
iv. **Statutory Dues:**			
a. Withholding taxes		12.69	3.50
b. GST Payable		0.18	0.01
v. Others (Refer Note No. 51)		0.07	0.68
		20.34	10.83
TOTAL OTHER CURRENT LIABILITIES (II)		**72.82**	**80.15**

₹ Crore

NOTE NO. 23A "ADVANCE RENT RECEIVED"	AS AT 31.03.2019	AS AT 31.03.2018
As at 1st April	12.34	14.32
Received / (Repaid) during the year	(0.46)	0.55
Released to the statement of profit and loss	2.34	2.53
As at 31st March	**9.54**	**12.34**
Current	2.55	2.58
Non-current	6.99	9.76

₹ Crore

NOTE NO. 23B "GOVERNMENT GRANTS"	AS AT 31.03.2019	AS AT 31.03.2018
As at 1st April	1.41	1.71
Received / (Repaid) during the year	0.49	-
Released to the statement of profit and loss	0.30	0.30
As at 31st March	**1.60**	**1.41**
Current	0.32	0.30
Non-current	1.28	1.11

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 24 — "CURRENT LIABILITIES" "FINANCIAL LIABILITIES - BORROWINGS"	AS AT 31.03.2019	AS AT 31.03.2018
Loans Repayable on Demand		
I. Secured		
a. **From Banks***		
i. Cash Credit	18.54	3.98
ii. Working Capital Demand Loan	2398.17	82.83
(includes Rupee Loans amounting to ₹ 788.17 crore (P.Y. ₹ 82.83 crore) from Punjab National Bank under Special Banking Arrangement against the subsidy receivables on Urea and P&K Fertilizers from Govt of India. The Bank has charged interest at 8.20% per annum (including 7.72% pa paid by Govt of India directly to the Bank). Accordingly, ₹ 15.75 lakh @ 0.48 % p.a. (PY ₹ 1.77 lakh) has been charged as interest expense in the statement of Profit and Loss. This loan is secured by hypothecation of subsidy receivables upto ₹ 788.17 crore (PY ₹ 82.83 crore) from Govt. of India. This loan is repayable within 60 days.		
Total Secured	2416.71	86.81
II. Unsecured:		
a. **From Banks**		
i. Foreign currency loans from banks-Buyers Credit **	118.76	511.78
ii. Rupee loans	-	136.00
	118.76	647.78
b. **Other Loans**		
Commercial Paper ***	350.00	200.00
Total Unsecured	468.76	847.78
TOTAL	**2885.47**	**934.59**

*Cash Credit and Working Capital Demand Loan from banks carrying interest in the range of 7.22% to 8.55% per annum are secured by hypothecation of entire Company's current assets including all stocks, book debts and other moveable assets, both present and future.

**Unsecured Foreign Currency Loans from Banks are in the form of Buyers Credit and carry interest in the range of 1.87% to 3.22% per annum. These loans are repayable within 180 days.

***Unsecured Commercial Papers carry interest in the range of 6.58% to 7.55% per annum. The outstanding commercial papers are repayable by June 2019.

₹ Crore

NOTE NO. 25 — "CURRENT LIABILITIES" "FINANCIAL LIABILITIES - TRADE PAYABLES"	AS AT 31.03.2019	AS AT 31.03.2018
Trade Payables (including Acceptances)*		
(A) Outstanding dues of micro enterprises and small enterprises	24.67	15.14
(Refer Note No. 51)		
(B) Outstanding dues of creditors other than micro enterprises and small enterprises	1130.42	687.97
TOTAL	**1155.09**	**703.11**

Trade payables are normally non-interest bearing and are usually settled within 30-days from the date of receipt of invoice unless they are contracted with specific credit terms as applicable.

* Acceptances include arrangements where operational suppliers of goods and services are initially paid by banks while the Company continues to recognise the liability till settlement with the banks which are normally effected within a period of 180 days amounting to ₹ 66.96 crore (P.Y. NIL)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 26 "CURRENT LIABILITIES" "FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES"	AS AT 31.03.2019	AS AT 31.03.2018
i. Current maturities of long term debt (Refer Note No. 18)	151.12	76.36
ii. Interest accrued but not due on borrowings	7.44	3.48
iii. Unclaimed dividend *	0.88	0.71
iv. Creditors on Capital Account	51.10	10.32
v. Standing Deposit from Customers	47.33	49.93
vi. Trade Deposit from Customers	76.45	73.08
vii. Earnest Money Deposit & Security Deposit from Vendors	56.11	68.37
viii. Other Payables	5.43	4.86
ix. Corporate Guarantees Given / One Time Settlement	-	19.50
x. Ex-gratia & employee benefits	48.87	131.09
xi. Derivatives not designated as Hedges (MTM loss payable)	5.16	-
TOTAL	**449.89**	**437.70**

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

₹ Crore

NOTE NO. 27 "CURRENT LIABILITIES" "PROVISIONS"	AS AT 31.03.2019	AS AT 31.03.2018
Provision for Employee Benefits		
i. Leave Salary Encashment	111.32	106.32
ii. Post Retirement Medical Benefits	6.10	5.04
iii. Gratuity Payable	24.37	24.36
iv. Long Service Award	0.04	0.08
TOTAL	**141.83**	**135.80**

₹ Crore

NOTE NO. 28 "CURRENT LIABILITIES" "CURRENT TAX LIABILITIES NET"	AS AT 31.03.2019	AS AT 31.03.2018
Provision for Taxation less Advance tax	-	36.02
TOTAL	**-**	**36.02**

₹ Crore

NOTE NO. 29 "REVENUE FROM OPERATIONS"		Year Ended 31.03.2019	Year Ended 31.03.2018
1. Sales (Including Excise Duty for P.Y.)			
A. Manufactured Products	29A		
Fertilizers		2214.11	2112.92
Industrial Products		955.16	783.72
		3169.27	2896.64
B. Bought-out Products	29A		
Fertilizers		252.85	181.17
Net Sales		3422.12	3077.81
2. Other Operating Revenues			
Subsidy on Urea & Complex Fertilizers*	29B	5447.18	4180.92
Sale of Scrap		3.46	3.83
Management Fees -For Services rendered		9.65	17.27
Margin on Tie- ups		3.06	2.13
TOTAL		5463.35	4204.15
Revenue from Operations		**8885.47**	**7281.96**

*Subsidy includes ₹ 48.13 crore (P.Y. (₹ 60.03) crore) in respect of earlier years, notified during the year

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 29A	"SALES - PRODUCT WISE BREAK-UP"	Year Ended 31.03.2019	Year Ended 31.03.2018
1	**Manufactured**		
	A. **Fertilizers**		
	Suphala 15 : 15 : 15	943.82	757.60
	Urea / Neem coated Urea	1235.89	1319.15
	Others	34.40	36.17
		2214.11	2112.92
	B. **Industrial Products**		
	Ammonia	240.84	254.86
	Methylamines	89.15	86.85
	Ammonium Nitrate Melt	296.10	250.27
	Others	329.07	191.74
		955.16	783.72
2	**Bought-out Products**		
	Imported Di Ammonium Phosphate	122.90	160.13
	Imported NPK 12:32:16	114.94	-
	Others	15.01	21.04
		252.85	181.17
	TOTAL	**3422.12**	**3077.81**

₹ Crore

NOTE NO. 29B	"SUBSIDY ON UREA & COMPLEX FERTILIZERS"	Year Ended 31.03.2019	Year Ended 31.03.2018
1.	**Manufactured Fertilizers**		
	Price	4839.17	3623.59
	Freight	487.95	467.05
		5327.12	4090.64
2.	**Bought-out Fertilizers**		
	Price	96.10	75.90
	Freight	23.96	14.38
		120.06	90.28
	TOTAL	**5447.18**	**4180.92**

₹ Crore

NOTE NO. 30	" OTHER INCOME"	Year Ended 31.03.2019	Year Ended 31.03.2018
1.	**Interest Income**		
	On Loans to Employees	0.13	0.20
	On Deposits with Bank and Others	3.48	0.83
	On Income Tax Refund	5.11	2.63
	On Sales Tax Refund	4.74	0.75
	From Customers	3.39	3.45
	From Others	0.92	0.92
		17.77	8.78
2.	**Dividend Income**	0.32	0.27
3.	**Other Income**		
	Profit on sale of fixed assets (Net)	2.83	2.18
	Bad debts recovered	1.76	0.40
	Rent received, recovery of electricity etc.	31.06	26.67
	Lease compensation of railway siding	0.21	0.21
	Government Grants (Refer Note No. 23B)	0.30	0.30
	Amortisation of Deferred Deposits	4.79	(2.11)
	Miscellaneous Income	20.64	24.55
		61.59	52.20
	Less: Transfer to Research and Development Expenses (Refer Note No. 37C)	(0.01)	(0.01)
	TOTAL	**79.67**	**61.24**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 31 "COST OF MATERIALS CONSUMED"		Year Ended 31.03.2019	Year Ended 31.03.2018
Raw Materials	31A	3767.90	2896.46
Packing Materials		112.11	99.43
TOTAL		**3880.01**	**2995.89**

₹ Crore

NOTE NO. 31A "ITEMWISE BREAKUP OF MATERIALS CONSUMED"	Year Ended 31.03.2019	Year Ended 31.03.2018
RAW MATERIALS		
Rock Phosphate	67.73	73.71
Mono-Ammonium Phosphate	337.10	213.19
Muriate of Potash	264.66	203.99
Natural Gas	3000.97	2301.89
Others	97.44	103.68
TOTAL	**3767.90**	**2896.46**

₹ Crore

NOTE NO. 32 "PURCHASES OF STOCK IN TRADE"	Year Ended 31.03.2019	Year Ended 31.03.2018
Imported Di Ammonium Phosphate	429.02	202.47
Imported Muriate of Potash	212.17	-
NPK 10:26:26	143.73	-
Others	13.23	11.19
TOTAL	**798.15**	**213.66**

₹ Crore

NOTE NO. 33 "CHANGES IN INVENTORIES OF FINISHED GOODS & STOCK IN TRADE"		Year Ended 31.03.2019	Year Ended 31.03.2018
Opening Stock			
Finished Goods	33A	278.96	304.49
Intermediary Products		33.57	23.84
By-Products		7.02	4.21
Stock in trade	33A	0.26	3.93
Sub-Total		319.81	336.47
Closing Stock			
Finished Goods	33B	387.72	278.96
Intermediary Products		35.41	33.57
By-Products		4.42	7.02
Stock in trade	33B	497.53	0.26
Sub-Total		925.08	319.81
Changes in Inventories		**(605.27)**	**16.66**
Differential Excise duty on stocks of Finished goods		-	(2.02)
TOTAL		**(605.27)**	**14.64**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 33A "OPENING STOCK - PRODUCT WISE BREAK-UP"	Year Ended 31.03.2019	Year Ended 31.03.2018
Finished Goods		
1. Manufactured		
A. Fertilizers		
Urea (Trombay)	32.50	50.94
Urea (Thal)	147.53	137.31
Complex Fertilizers	77.48	73.20
Others	19.92	40.07
B. Industrial Products		
Methanol	0.03	0.04
Concentrated Nitric Acid	0.10	0.73
Ammonium Bi-carbonate	0.21	0.06
Sodium Nitrate	0.25	-
Sodium Nitrite	0.36	-
Methylamines	0.38	0.40
Ammonium Nitrate Melt	0.02	0.02
Dimethyl Formamide	-	-
Dimethyl Acetamide	0.03	1.44
Argon Gas / Liquid	0.06	0.22
Formic Acid	0.08	-
Others	0.01	0.06
	278.96	304.49
2. Bought-out Products		
Fertilizers		
Imported Di Ammonium Phosphate	0.05	0.23
Imported Muriate of Potash	-	0.83
Sulphate of Potash	0.11	2.27
Others	0.10	0.60
	0.26	3.93
TOTAL	**279.22**	**308.42**

₹ Crore

NOTE NO. 33B "CLOSING STOCK - PRODUCT WISE BREAK-UP"	Year Ended 31.03.2019	Year Ended 31.03.2018
Finished Goods		
1. Manufactured		
A. Fertilizers		
Urea (Trombay)	22.63	32.50
Urea (Thal)	172.13	147.53
Complex Fertilizers	170.14	77.48
Others	16.40	19.92
B. Industrial Products		
Methanol	1.44	0.03
Concentrated Nitric Acid	0.20	0.10
Ammonium Bi-carbonate	0.27	0.21
Sodium Nitrate	0.51	0.25
Sodium Nitrite	0.57	0.36
Methylamines	0.93	0.38
Ammonium Nitrate Melt	0.02	0.02
Dimethyl Formamide	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 33B "CLOSING STOCK - PRODUCT WISE BREAK-UP"	Year Ended 31.03.2019	Year Ended 31.03.2018
Dimethyl Acetamide	1.71	0.03
Argon Gas / Liquid	0.69	0.06
Formic Acid	0.07	0.08
Others	0.01	0.01
	387.72	278.96
2. Bought-out Products		
Fertilizers		
Imported Di Ammonium Phosphate	276.90	0.05
Imported Muriate of Potash	212.17	-
Imported NPK 20:20:0	8.46	-
Sulphate of Potash	-	0.11
Others	-	0.10
	497.53	0.26
TOTAL	**885.25**	**279.22**

₹ Crore

NOTE NO. 34 "EMPLOYEE BENEFITS EXPENSE"	Year Ended 31.03.2019	Year Ended 31.03.2018
Salaries, Wages and Bonus	494.11	500.93
Contribution to Provident Fund and other funds	50.27	43.36
Contribution to Gratuity Fund	25.40	7.32
Workmen and Staff Welfare Expenses	51.68	53.60
	621.46	605.21
Less: Transferred to Research and Development (Refer Note No. 37C)	(2.31)	(2.04)
Share recoverable from Thal Ammonia Extension and Others	(27.74)	(29.42)
	(30.05)	(31.46)
TOTAL	**591.41**	**573.75**

₹ Crore

NOTE NO. 35 "FINANCE COSTS"	Year Ended 31.03.2019	Year Ended 31.03.2018
i. Interest		
a. Term Loans-From Banks *	34.24	5.31
b. Working capital from Banks	95.03	45.92
c. Other loans and deposits	11.34	7.40
ii. Interest on Deferred deposits	4.31	(2.69)
iii. Other Borrowing & Finance Costs	0.80	0.77
iv. Exchange differences regarded as an adjustment to borrowing costs;	10.13	5.88
TOTAL	**155.85**	**62.59**

* Net of transfers to CWIP / Capitalisation P.Y. ₹ 7.66 crore

₹ Crore

NOTE NO. 36 "DEPRECIATION AND AMORTISATION EXPENSES / IMPAIRMENT"	Year Ended 31.03.2019	Year Ended 31.03.2018
i. Depreciation on Property Plant and Equipment	154.73	135.38
ii. Impairment reversal on Property Plant and Equipment	-	(1.08)
iii. Depreciation on Investment Property	0.16	0.15
iv. Amortisation on Intangible Assets	1.14	2.79
Total Depreciation / Amortisation Impairment provided during the year	156.03	137.24
Less : Under Research and Development (refer note 37 C)	(0.34)	(0.20)
As reported under Statement of Profit & Loss:	**155.69**	**137.04**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 37 " OTHER EXPENSES"		Year Ended 31.03.2019	Year Ended 31.03.2018
Stores and Spares		33.77	26.73
Power and fuel *		2694.99	2241.88
Water Charges		68.06	(1.97)
Repairs and Maintenance	37A	124.96	108.05
Freight and Handling Charges		687.05	651.91
Rent		9.83	9.53
Rates and Taxes		19.02	8.76
Insurance		10.08	14.78
Miscellaneous Expenses	37B	129.91	157.91
Less: Transferred to Research & Development Expenses (Refer Note No. 37C)		(0.18)	(0.29)
TOTAL		**3777.49**	**3217.29**

* Net of transfers to CWIP / Capitalisation P.Y. ₹ 15.01 crore

₹ Crore

NOTE NO. 37A "REPAIRS AND MAINTENANCE"	Year Ended 31.03.2019	Year Ended 31.03.2018
Plant and Machinery	86.74	70.31
Buildings	19.75	19.84
Other Assets	18.58	17.98
	125.07	108.13
Less: Transferred to Research & Development Expenses (Refer Note No. 37C)	(0.11)	(0.08)
TOTAL	**124.96**	**108.05**

₹ Crore

NOTE NO. 37B "MISCELLANEOUS EXPENSES"		Year Ended 31.03.2019	Year Ended 31.03.2018
Security expenses-Factory and Others		43.54	39.94
Electricity Charges-Township and Offices		7.40	7.89
Advertisement		1.74	4.40
Bank Charges		1.01	1.66
Promotion and Publicity		5.68	6.86
Hire Charges for vehicles		4.69	4.97
Travelling expenses		3.58	4.55
Entertainment Expenses		0.03	0.06
Research and Development expenses	37C	3.20	2.94
Loss on Fixed Assets Sold /Discarded		0.94	0.12
Losses/ Damages and other amounts written off		-	1.80
Foreign exchange Loss/(Gain)		24.54	3.66
Corporate Social Responsibility expenses		3.88	7.79
Excise on sales		-	27.01
Provision for Doubtful Debts/ Claims/ Advances		24.58	17.01
Provision for obsolescence of stores		5.41	2.24
Bad debts written off		2.89	0.50
Provision of earlier years no longer required		(5.66)	(5.53)
Liabilities for expenses no longer required		(23.47)	(26.80)
Recovery of share of common expenses		(22.02)	(21.64)
Other expenses **		47.95	78.48
TOTAL		**129.91**	**157.91**

** Includes Directors' sitting fees C.Y. ₹16,50,000, P.Y. ₹12,70,000

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 37C "RESEARCH & DEVELOPMENT EXPENSES"	Year Ended 31.03.2019	Year Ended 31.03.2018
Salaries and Staff Welfare Expenses	2.31	2.04
Repairs and Maintenance	0.11	0.08
Depreciation	0.34	0.20
Direct Research Expenditure	0.27	0.34
Other Expenses	0.12	0.14
Handling charges	0.06	0.15
SUB TOTAL	3.21	2.95
Less: Transferred from Other Income	(0.01)	(0.01)
TOTAL	**3.20**	**2.94**

₹ Crore

NOTE NO. 38 "EXCEPTIONAL ITEMS"	Year Ended 31.03.2019	Year Ended 31.03.2018
Fair valuation (Gain) / Loss - Transferable Development Right	(23.44)	(107.94)
Past Service Cost (Gratuity)	-	108.06
TOTAL	**(23.44)**	**0.12**

(Refer Note No. 63)

₹ Crore

NOTE NO. 39 "OTHER COMPREHENSIVE INCOME"	Year Ended 31.03.2019	Year Ended 31.03.2018
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(3.79)	(13.11)
Fair Value Equity instruments (IPL Shares)	12.61	12.50
	8.82	(0.61)
Less: Income tax relating to above items	(3.07)	(0.48)
TOTAL	**5.75**	**(1.09)**

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

40. DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES AS PER IND AS 107

₹ Crore

PARTICULARS	Year Ended 31.03.2019	Year Ended 31.03.2018
I) FINANCIAL ASSETS		
a. BREAKUP OF FINANCIAL ASSETS AT FAIR VALUE THORUGH OCI		
Investments - fully paid shares	69.99	57.38
TOTAL	**69.99**	**57.38**
b. BREAKUP OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT & LOSS		
Derivatives not designated as hedges	0.14	2.33
TOTAL	**0.14**	**2.33**
c. BREAKUP OF FINANCIAL ASSETS CARRIED AT AMORTISED COST		
Loans	26.28	7.27
Others Financial Assets	46.09	79.22
Trade Receivables	4550.19	2860.41
Cash and Cash Equivalents	3.59	5.24
Other Bank Balances	1.27	0.72
	4627.42	**2952.86**
d. BREAKUP OF FINANCIAL ASSETS CARRIED AT COST		
Investments - Joint ventures	16.35	5.02
TOTAL	**16.35**	**5.02**
TOTAL FINANCIAL ASSETS	**4713.90**	**3017.59**
II) FINANCIAL LIABILITIES		
a. BREAKUP OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS		
Derivative not designated as hedges	5.16	-
TOTAL	**5.16**	**-**
b. BREAKUP OF FINANCIAL LIABILITIES CARRIED AT AMORTISED COST		
Borrowings	3310.58	1254.65
Trade Payables	1366.88	914.90
Deposit from Employees	0.01	0.01
Corporate Guarantees Given / One Time Settlement Liability	-	19.50
Current maturities of long term debt	151.12	76.36
Interest accrued but not due on borrowings	7.44	3.48
Unclaimed dividend	0.88	0.71
Creditors on Capital Account	51.10	10.32
Standing Deposit from Customers	47.33	49.93
Trade Deposit from Customers	76.45	73.08
Earnest Money Deposit & Security Deposit from Vendors	99.82	103.07
Ex-gratia & employee benefits	48.87	131.09
Other Payables - Tie ups	5.43	4.86
TOTAL	**5165.91**	**2641.96**
TOTAL FINANCIAL LIABILITIES	**5171.07**	**2641.96**

The above referred carrying values of Financial Assets and Liabilities approximate its fair value as at the balance sheet date

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

41. Contingent Liabilities not provided for:

41.1 Claims against the Company not acknowledged as debts to the extent ascertainable (Interest cannot be estimated reliably) and not provided for net of payment/liability provided:-

₹ Crore

Sr. No.	Particulars	As at 31.03.2019	As at 31.03.2018
1	**Invoices/ debit notes and claims raised by GAIL(India) Ltd.**		
a	Increased gas transmission charges for ONGC pipeline. Stay order obtained from Mumbai High Court and directed to resolve through arbitration.	64.30	64.30
b	Levy of Market priced gas differential for use of APM/Domestic Gas for Non-fertilizer Non-Urea operations (Refer Note no. 48)	1231.05	1231.05
c	For non-submission for FICC certified gas utilization data	39.39	39.39
	Sub total	**1334.74**	**1334.74**
2	**Claims on the Company not acknowledged as debts by Contractors/Suppliers/Arbitrators etc.**	**84.74**	**90.97**
3	**Demands raised by various authorities that may arise in respect of matters in appeal**		
	Excise Duty (D) (Refer note no 41.1.1)	28.38	28.38
	Excise Duty (S)	29.87	11.98
	Sales Tax	5.46	17.34
	Income Tax	18.95	21.42
	Service Tax (D)	31.25	30.44
	Service Tax (S)	7.36	7.98
	Custom Duty (D)	80.93	80.93
	Custom Duty (secured by Bank Guarantee)(Refer note no 41.1.2)	25.62	25.62
4	Water charges claimed by Municipal Corporation of Greater Mumbai(Refer note no 41.1.3)	36.86	36.32
5	Claims preferred by local authorities (Refer note no 41.1.4)	8.37	55.26
	GRAND TOTAL	**1692.59**	**1741.39**

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

41.1.1 Includes an amount of ₹ 24.82 crores (P.Y. ₹ 24.82 crore) towards duty, interest and penalty relating to purchase of Naphtha at concessional rate of excise duty for the purposes other than mentioned in the exemption notification for the period November-1996 to October-2005. The demand for the period upto February-2005 for ₹ 21.28 crore (P.Y. ₹ 21.28 crore) has been appealed against by the Company and the matter is resting with the Honorable Supreme Court, which is yet to be heard. For the balance demand pertaining to subsequent period (i.e March 2005), amounting to ₹ 3.54 crore order has been stayed by CESTAT and appeal is yet to be heard. Pending hearing, no provision is considered necessary.

41.1.2 The demand of duty is secured by Bank Guarantees amounting to ₹ 29.07 crore and the Company has filed an appeal against the same before the bench of CESTAT, which is yet to be heard. Company has been advised by solicitors and advocates that the demand is not tenable and no provision is considered necessary.

41.1.3 Demand of ₹ 33.48 crore raised by Municipal Corporation of Greater Mumbai (BMC) towards additional sewerage charges levied from 5-4-1987 are disputed by the Company in a Writ Petition filed in Bombay High Court. The Honorable High Court vide its interim Order dated 10-11-92 has granted stay on recovery of the demand for the period up to the date of the Order and directed the Company to pay sewerage charges from the date of the order which is being paid by the Company. The matter has been disposed off by the High Court and the Company approached Supreme Court. Supreme Court has now directed the Bombay High Court to hear the matter and decide on merits based on facts of the case. The Stay granted on the said matter continues.

As a part of an agreement entered into with BMC for obtaining raw sewerage, the Company has paid an interest

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

free deposit of ₹ 16 crore to BMC (included in Note no.8) representing approximately 50% of the disputed demand which would be adjustable against the disputed demand in case the Court rules in favor of BMC. No provision is considered necessary for the disputed demand of ₹ 33.48 crore as the claim of BMC is not tenable.

41.1.4 In accordance with order dated 27th March 2018 issued by Sub Divisional Officer (SDO) Mumbai Suburban district, an additional demand was received towards Non Agriculture (NA) tax and 100% increase in land revenue (ILR) amounting to ₹ 46.91 crore in respect of land at Trombay unit. The demand was disputed by the Company. Upon further representation by the Company on the said matter, Tahsildar vide demand notice dated 04.01.2019 revised the claim to ₹ 22 crore. Considering the payment of ₹ 11.48 crore already made, Company was asked to further deposit the balance amount of ₹10.52 crore. Despite the matter being appealed against, an additional liability of ₹ 10.52 Crore has been recognized towards the same during the year, of which an amount of ₹ 4 crore has been paid. As per the said notice, Company may also be subjected to pay additional NA tax and ILR for any future revision in the same. Company has been advised by its solicitors to appeal against the said demand as the same is not tenable.

41.2 The amount of claims in respect of legal cases filed against the Company for labour matters relating to regular employees and not acknowledged as debts is not ascertainable.

41.3 In respect of clause 41.1 to 41.2 above, it is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flows, if any.

42. Capital Commitments (Net of Advances):

₹ Crore

Particulars	As at 31.03.2019	As at 31.03.2018
Capital Expenditure Commitments	659.43	873.35
Commitment Towards Investments	-	-

43. Disclosures relating to Finance Lease:

Relating to 416 Wagons leased to Indian Railways "Under Own your Wagons Scheme"

₹ Crore

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Minimum Lease Payments		
Not Later than one year	0.35	0.71
Later than one year but not later than 5 years	-	0.35
Later than 5 years	-	-
Total	**0.35**	**1.06**
Amount representing finance income earned during the year	0.08	0.15
Adjusted Against Lease Receivable during year	0.62	0.56
Total	**0.70**	**0.71**
Present Value of MLP		
Not Later than one year	0.34	0.62
Later than one year but not later than 5 years	-	0.34
Later than 5 years	-	-
Total	0.34	0.96
Unearned Finance Income	0.01	0.10
Expected Credit Loss on above	NIL	NIL

44. Formalities relating to transfer of certain immovable and other properties from Fertilizer Corporation of India Limited to the Company on reorganization of the former in 1978 are not yet completed. Out of property cards for

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

a total area of 30,89,013 Sq. meters (P.Y. 30,89,013 Sq. meters), property cards for 3,78,321 Sq. meters (P.Y. 3,78,321 Sq. meters) are yet to be transferred in the name of the Company. The Company is in the process of transferring the title deeds.

45. Out of total area of 50,52,476 Sq. meters area at Thal Unit, the title deeds relating to area of 32,27,573 Sq. meters (P.Y. 32,27,573 Sq. meters) area are in the name of the Company. The balance title deeds w.r.t 18,24,903 Sq meter of land are in the process of being transferred in the name of Company. The capitalization of Freehold land at Thal Unit includes land at Kihim having carrying cost of ₹ 0.02 crore, pending execution of documents and transfer of title deeds in the name of Company, due to dispute.

46. Balance of subsidy receivables and tax refund from Government authorities are subject to confirmation. Some of the balances of trade payables, current liabilities and loans and advances are subject to confirmation / reconciliation and consequential adjustments if any. In the opinion of the management, such adjustments would not be material.

47. The Company is eligible to receive subsidy from Fertilizer Industry Co-Ordination Committee (FICC) / Department of Fertilizers (DOF) on Urea, Phosphatic and Potassic (P & K) Fertilizers at the rates notified from time to time.

a. For the rates yet to be notified, due to escalations/de-escalations in the cost of inputs and other costs, subsidy has been accounted on estimated basis. The details of subsidy accounted on estimated basis for the year amounts to ₹ 423.49 crore (PY ₹578.73 crore)

b. The matter relating to the issue of unintended benefits accruing to units using domestic gas for manufacture of nutrient “N” has been referred and is pending before an Inter-Ministerial Committee (IMC) of Government of India (GoI). It is expected that a decision on the matter would be taken soon by the IMC. Pending such decision, initially subsidy amounting to ₹198.94 crore was withheld. As per DoF approval for release of this subsidy, upon submission of its claims along with bank guarantee for equivalent amount by the Company, an amount of ₹125.11 crore has been received upto 31st December, 2018. Accordingly no provision has been made in these accounts towards the balance amount of ₹73.83 crore withheld, as Company is of the view that no unintended benefits have accrued to owing to use of domestic gas.

48. Consequent to Gas pooling Consequent to Gas pooling being made applicable to Fertilizer (Urea) sector w.e.f. June 1, 2015, it is expected that a differential pricing of gas may be made applicable for non-urea usage. Company has represented to DoF for maintaining supply of domestic gas for P&K fertilizers and chemicals. Ministry of Petroleum & Natural Gas (MoPNG) vide its order No. L-13013/3/2012-GP-I, dated: December 16, 2015 has directed GAIL (India) Limited to levy a higher gas price (i.e. the highest rate of RLNG used for production of urea) for gas consumed in non-urea operations. As the matter relating to the same is pending before the IMC for decision, the Company has represented that any decision on the same be taken only upon the issue being settled by the IMC of GoI. However, pending finalization of price payable as per the said letter, Company is recognizing liability based on the difference between domestic gas price and pool / market price of gas for its non-urea operations. The difference is provided considering domestic gas first for urea operations on cumulative basis for the year and the balance if any, for non-urea operations. Accordingly, there is no impact for the year ended March 31, 2019. The Company has recognised a liability of ₹ 211.79 Crore for the period commencing from June 1, 2015 to March 31, 2019 (₹. 211.79 Crore upto March 31, 2018) on this account.

The Company has entered into a contract for procurement of market priced gas for non-urea operations at Trombay unit, effective from May 16, 2016.

Pursuant to the said order, GAIL has sought a differential levy amounting to ₹ 1442.84 Crore for the period commencing from July 1, 2006 till March 31, 2017 and has initiated arbitration proceeding towards non-payment of the same. The Company has represented this matter to Department of Fertilizers for dispute resolution as the matter relating to the same is pending before the IMC of GoI. The said matter has been currently referred to Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD) on May 22, 2018

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

49. Disclosures relating to Impairment of Non-Financial Assets:

Company has carried out impairment testing of its Cash Generating Units (CGU) which is carried out considering an estimated useful life of 10 Years for arriving at the value in use. In determining value in use for the CGU, the cash flows were discounted at a rate of 8% on pre-tax basis. Accordingly, no provision towards impairment is reckoned during the year.

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

For the year 2018-19

₹ Crore

Sr. No.	Plant	Provision for Impairment made during the year	Reversal of Impairment Provision made during the year	Balance in Provision account at the end of the year	Recoverable Amount	Reportable Segments In which these Plants/Assets are used
1	Dimethyl Formamide	-	-	0.05	0.43	Chemical Segment
2	Carbon Mono Oxide	-	-	8.06	1.84	Chemical Segment
	Total	**-**	**-**	**8.11**	**2.27**	

For the year 2017-18

₹ Crore

Sr No.	Plant	Provision for Impairment made during the year	Reversal of Impairment Provision made during the year	Balance in Provision account at the end of the year	Recoverable Amount	Reportable Segments In which these Plants/ Assets are used
1	Dimethyl Formamide	-	-	0.05	0.43	Chemical Segment
2	Carbon Mono Oxide	-	-	8.06	1.84	Chemical Segment
3	Methylamines - Trombay	-	(1.08)	0.00	0.00	Chemical Segment
	Total	**-**	**(1.08)**	**8.11**	**2.27**	

The recoverable amount of ₹ 2.27 crore was based on value in use and was determined at the level of the CGU.

Higher raw material prices coupled with steep fall in realizations warranted in carrying out a review of the recoverable amount of the said plants and related equipment's resulting in provision towards impairment.

Key assumptions based on which recoverable amount is most sensitive.

The calculation of value in use for the identified CGU is most sensitive to the following assumptions.

1. **Selling Prices**

   The extant selling prices are considered for forecasting cash flow estimates for arriving at the value in use. The selling prices are assumed to be kept constant in future year projections.

2. **Discount Rate**

   Discount rate is estimated considering the entities incremental borrowing rate which is arrived at considering the present debt structure etc.

3. **Sales Quantity**

   The sales projections have been worked out considering the present demand scenario and the operating capacities of the plants.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

4. **Raw Material Prices - Considering current prices of raw materials**.

The estimates of cash flows are done considering current raw material prices at the reporting date and the same are assumed to be remain constant in the future year projections as any increase in the same is expected to be passed on to the market.

50. Inventory includes stores and spares declared as surplus with further classification as disposable surplus. Since such surplus stores on disposal may not fetch full book value a suitable provision has been made. Consequent to full provision for impairment made in respect of plants referred in Note. No. 49, Company has also provided towards inventory of specific spares relating to the said plants.

The value of such inventory and provision towards the same is as under:-

₹ Crore

Sr. No.	Particulars	As on 31.03.2019	As on 31.03.2018
A			
1	Surplus Stores and Spares	21.05	17.24
2	Disposable Surplus	17.97	14.81
3	Specific stores and spares of impaired assets	10.88	10.88
4	Material Stolen	0.21	0.21
	Total	**50.11**	**43.14**
B			
1	Provision made for Disposable Surplus	17.07	14.07
2	Provision reckoned on stores and spares for impaired assets	10.34	10.34
3	Provision for Material Stolen	0.21	0.21
	Total	**27.62**	**24.62**

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

₹ Crore

Sr.No.	Particulars	As at 31.03.2019	As at 31.03.2018
1	Principal amount remaining unpaid	24.67	15.14
2	Interest due thereon	0.01	0.01
3	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act,2006 ,along with the amount of the payment made to the supplier beyond the appointed day during the year.	NIL	NIL
4	Interest due and payable for the period of delay making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.		
5	Interest accrued and remaining unpaid	NIL	NIL
6	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL

Dues to Micro and small enterprises have been determined to the extent such parties have been identified on the basis of information given by such parties/available with the Company. This has been relied upon by the auditors.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

52. Based on the nature of business activities undertaken by the Company and requirement of IND AS 108, following are the operating segments identified

Segment	Nature of activities
Fertilizers	Production and supply of various grades of Fertilizers for agricultural use.
Chemicals	Production of various chemicals and supply to diverse industries
Trading	Represents fertilizers imported / locally sourced and marketed for agricultural use.

The necessary disclosures as required under IND AS 108 are given in **Annexure-1.**

The segment revenue and segment results are arrived at based on the revenues generated out of sale of such products and the costs attributable are reduced for arriving at the segment results. Assets are allocated to operating segments based on the intended use for which the asset was primarily installed. Liabilities are allocated to operating segments to which it relates to.

No operating segments have been aggregated to form the above reportable operating segments.

53. Disclosures under IND AS 24 on Related Party Transactions are given below:

53.1 **Transaction with other Government related Entities**

Since Government of India owns 75% of the Company's equity share capital (under the administrative control of Ministry of Chemicals and Fertilizers), the disclosures relating to transactions with Government and other Government controlled entities have been reported in accordance with para 26 of IND AS 24.

Certain transactions which are individually and collectively significant carried out with other Government related entities for purchase of Gases, for procurement of Raw Materials / Finished Goods, Assets / Spare parts from Original equipment manufacturers etc. the details of which are as under:

₹ Crore

Name of Entity	Nature of Transaction	2018-19	2017-18
GAIL (India) Ltd	Procurement of Gas / Transportation Charges/Pool difference payment	5104.04	3860.27
Mangalore Refinery & Petrochemicals	Procurement of Sulphur	21.88	13.35
Bharat Petroleum Corporation Ltd	Procurement of Gas	-	101.81
Bharat Petroleum Corporation Limited	Deposit received for STP Project	25.32	14.69
Indian Oil Corporation Ltd	Procurement of Gas	198.22	107.35
Bharat Heavy Electricals Limited	Procurement of Capital Goods	105.19	-
Oil and Natural Gas Corporation Ltd	Renting of Immovable Property	20.83	19.92
GSPC ENERGY LIMITED	Procurement of Gas	-	30.63
The Singareni Collieries Co. Ltd.	Sale of Industrial chemicals	10.56	9.56
Hindustan Insecticides Limited	Sale of fertilizers	35.46	38.45

The above referred transactions have been carried out on arm's length basis with the said entities.

53.2 **Transactions with Joint Controlled Entities**

1) **Relationship**

JOINT CONTROLLED ENTITIES

Name of the Company	No of Shares	Country of Incorporation	% of Ownership interest as at	
			31-03-2019	31-03-2018
1) FACT-RCF BUILDING PRODUCTS LTD. (FRBL) *	32870000 of ₹10 each	India	50.00	50.00
2) URVARAK VIDESH LTD.(UVL) *	180002 of ₹10 each	India	33.33	33.33
3) TALCHER FERTILIZERS LIMITED (TFL) #	16344568 of ₹10 each	India	33.33	33.32

* Consequent to full provision recognized towards the investments made in FRBL and UVL as per Indian GAAP,

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

the carrying value as on the date of transition has been recognized as deemed cost of investment which is NIL as on the transition date .i.e. 1st April 2015.

Further URVARAK VIDESH LTD. (UVL) has been declared as Dormant Company on 04.11.2015 by Registrar of Companies, New Delhi.

The shareholding is subject to change depending on the final value of the assets transferred by FCIL to Talcher Fertilizer Ltd.

Transactions during the year with the above referred related parties:

₹ Crore

Sr. No.	PARTICULARS	YEAR ENDED 31.03.2019		YEAR ENDED 31.03.2018	
		Amount	Party-wise amount	Amount	Party-wise amount
1	Contribution towards share capital	11.32	11.32 TFL	5.00	5.00 TFL
2	Advances given	19.50	19.50 FRBL	16.25	16.25 FRBL
3	Share of Expenses receivable from TFL	4.45	4.45 TFL	0.02	0.02 TFL

(Company expects to receive additional equity towards advances given during the year to FRBL. As the investments in equity and advances given in earlier years have been fully provided for, the amount of ₹19.50 Crore being the advance given to FRBL during the year has been fully provided for as doubtful).

Balance Outstanding:

₹ Crore

Sr. No.	PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
		Joint Ventures	Joint Ventures
1	Guarantees given (as security for credit facilities availed by FRBL from Banks)	FRBL – 0.00*	FRBL – 19.50*
2	Advances Given/Advance against equity (for meeting business requirements)	FRBL – 40.23	FRBL – 20.73
3	Share of Expenses receivable from TFL	4.45	0.03

*Out of Guarantees given by the Company on behalf of FRBL to its bankers, guarantees amounting to ₹ 35.47 crore has been recognized as a financial asset at fair value. Expecting the liability of repayment of debt obligations to FRBL bankers may devolve on the Company, loss on impairment of its corporate guarantee amounting to ₹ 35.47 crore towards term loan has been done with adjustment to its opening reserves as at 1st April 2015,consequent to transition to Ind AS .

A Onetime Settlement (OTS) was entered with the bankers and FRBL, wherein Company contributed towards the same. The status of Corporate Guarantee obligation and payment towards the OTS and the reversal of existing liability is given as under:

₹ Crore

Sl. No.	PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
1	Outstanding Corporate Guarantee Obligation (security given against the credit facility availed by FRBL)	-	19.50
2	Reversal of liability of Corporate guarantee obligation during the year	19.50	15.97
3	Contribution under onetime settlement (RCF's share)	19.50	15.97

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Out of the total value of guarantees given, ₹ 2.20 crore pertains to guarantee given for working capital facilities from banks on behalf of FRBL. Since such facility has not been availed, no provision towards financial guarantee and corresponding asset has been recognized.

53.3 Transactions with other entities- where Directors are interested:

a) Name of the entity

Fertilizers and Chemicals Travancore Ltd (FACT) - Owing to Shri Umesh Dongre Director(Finance) being given the additional charge of Director (Finance) of the said entity w.e.f 01st February, 2019

₹ Crore

Sl. No.	Nature of Transaction	2018-19	2017-18
1	Inter corporate Loan	25.50	6.00
2	Earnest Money Deposit(EMD)	(0.03)	0.00

Inter Corporate Deposit (ICD) advanced to Fertilizers and Chemicals Travancore Ltd (FACT) - a 50% JV partner in FACT-RCF Building Products Ltd (FRBL) of ₹ 25.50 Crores (being their share of contribution paid by RCF towards one time settlement entered into between FRBL and their bankers resulting in Corporate Guarantee given by Company to FRBL bankers being discharged) outstanding as at 31st March, 2019 has not been provided for, despite FACT's adverse financial position as the Company is confident of settlement.

b) Disclosure as required required by Regulation 34(3) and 53(f) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

₹ Crore

Sl. No.	Particulars	Current Year		Previous Year	
	Entity in which Directors are interested	Amount as on 31.03.2019	Maximum amount outstanding during the year ended 31.03.2019	Amount as on 31.03.2018	Maximum amount outstanding during the year ended 31.03.2018
	Loans and Advances in the nature of Loans				
1	To FACT Ltd.	25.50	25.50	6.00	6.00

c) Disclosure as per Section 186 of the Companies Act 2013

₹ Crore

Sl. No.	Name of Party	Amount as on 31.03.2019	Amount as on 31.03.2018
1	FACT Ltd. (Joint Venture Partner in FRBL)	25.50	6.00

The FACT Ltd share towards onetime settlement entered in to with Dena Bank amounting to ₹25.50 Crore has been paid by the Company and is reported as intercorporate loan given. The said loan carries an interest in accordance with section 186(7) of Companies Act 2013.

53.4 Key Management Personnel

(i) Shri Umesh V. Dhatrak, Chairman & Managing Director from 14.09.2017

(ii) Shri Sudhir Panadare, Director (Technical) from 18.12.2017

(iii) Shri Umesh Dongre, Director (Finance) and CFO from 09.02.2018

(iv) Shri K. U. Thankachen, Director(Marketing) from 11.12.2018

(v) Shri Jai Bhagwan Sharma, Company Secretary from 01.10.2017

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Details relating to parties referred above:

Remuneration:

₹ Crore

Particulars	Year ended 31.3.2019	Year ended 31.3.2018
Shri Umesh V. Dhatrak	0.55	0.20
Shri Sudhir Panadare	0.55	0.13
Shri Umesh Dongre	0.42	0.05
Shri K. U. Thankachen	0.13	-
Shri Jai Bhagwan Sharma	0.24	0.11
Total	**1.89**	**0.49**

The above amount includes salaries and allowances, contribution to Provident fund, pension etc. and actual payments towards leave encashment, if any.

The remuneration to key management personnel does not include the provisions made for gratuity; leave encashment and post-retirement medical benefits as they are determined on an actuarial basis for the Company as a whole.

There have been no outstanding loans and advances from the above referred parties as at year end.

54. Disclosure as per Ind AS 37 on "Provisions, Contingent Liabilities and Contingent Assets" as on 31st March 2019:

₹ Crore

Sr. No.	Particulars	Balance as on 1.4.2018	Addition	Utilization	Reversal	Balance as on 31.3.2019
a)	Disputes and Claims, Legal Matters	2.00 (2.00)	- -	- -	- -	2.00 (2.00)
b)	Provisions against contractual liabilities	- (25.00)	- -	- (25.00)	- -	- (-)

Figures in brackets are in respect of previous year.

Disputes, Claims and Others represent estimates made mainly for probable claims arising out of litigations / disputes pending with authorities /Trade Payable. Deferred Tax Asset of ₹ 0.70 crore (Previous year ₹ 0.70 crore) has been recognized on above. The timing and probability of outflow with regard to these matters depends on the ultimate settlement /conclusions with relevant authorities.

55. Earnings per Share –Basic and Diluted

Particulars	Year ended 31.3.2019	Year ended 31.3.2018
Net profit after tax as per Statement of Profit and loss (₹ crore) **(A)**	139.17	78.80
Weighted Average Numbers of Equity Shares for calculating basic EPS**(B)**	55,16,88,100	55,16,88,100
Basic/Diluted earnings per Share (in Rupees) (Face Value of ₹ 10/- per share) **(A)/(B)**	2.52	1.43
EPS from continuing operations	2.52	1.43

56. "Financial Reporting of interests in Joint Ventures"

The required information is as under:-

JOINT CONTROLLED ENTITIES

Name of the Company	Country of Incorporation	Percentage of ownership interest as on	
		31-3-2019	31-31-3-2018
1) FACT-RCF BUILDING PRODUCTS LTD.	India	50.00	50.00
2) URVARAK VIDESH LTD.	India	33.33	33.33
3) TALCHER FERTILIZERS LIMITED	India	33.33	33.32

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

A) **FACT-RCF BUILDING PRODUCTS LTD**:-A Joint venture Company with Fertilizers and Chemicals Travancore Ltd. (FACT) for manufacture of rapid building materials from Gypsum at Kochi.

Summarized financial information of Company's investment in FACT-RCF BUILDING PRODUCTS LTD. (FRBL)

₹ Crore

Sr. No.	Particulars	As at 31/3/2019 (Unaudited)	As at 31/3/2018 (Audited)
1	Non-Current Assets	65.21	74.43
2	Cash and Cash Equivalent	1.02	0.55
3	Current Assets other than Cash and Cash Equivalent	15.00	15.74
4	Non-Current Liabilities	41.92	87.39
5	Current Liabilities	90.92	52.21
6	Equity	(51.61)	(48.88)
7	Proportion of the company's ownership	50%	50%
8	Carrying amount of the investment*	-	-
9	Capital Commitments	4.66	4.66
10	Commitment to subscribe to additional equity	0.00	0.00
11	Contingent Liabilities	5.56	5.56

₹ Crore

Sr. No.	Particulars	Year Ended 31/3/2019 (Unaudited)	Year Ended 31/3/2018 (Audited)
1	Income	16.62	17.13
2	Cost of materials consumed	3.84	1.53
3	Depreciation and amortization expense	9.12	9.12
4	Finance costs	4.33	10.32
5	Employee benefits expenses	3.64	3.20
6	Other Expenses	10.25	13.21
7	Profit/Loss from continuing operations before exceptional item	(13.56)	(20.06)
8	Exceptional Item	10.83	10.53
9	Profit/Loss Before Tax	(2.73)	(9.52)
10	Total comprehensive income for the year	(2.73)	(9.52)
11	Company's Share of profit / (loss) for the year	(1.37)	(4.76)

* Owing to the Company's share of losses exceeding its interest in the joint venture, the share of loss stands discontinued to be recognized. Accordingly Company has not recognized share of loss of ₹ 1.37 crore for the year (P.Y. ₹ 4.76 crore) and ₹ 30.95 crore cumulatively upto the year ended 31.03.2019 (₹ 29.58 crore cumulatively upto the year ended 31.03.2018).

B) **URVARAK VIDESH LTD**: - A joint venture with National Fertilizers Ltd. and KRIBHCO for revival of closed Fertilizer Units of FCI/HFC group of companies has been formed. Further URVARAK VIDESH LTD. (UVL) has been declared as Dormant Company on 04.11.2015 by Registrar of Companies, New Delhi.

Summarized financial information of Company's investment in URVARAK VIDESH LTD.

₹ Crore

Sr. No.	Particulars	As at 31/3/2019 (Audited)	As at 31/3/2018 (Audited)
1	Non-Current Assets	0.00 ₹ 859	0.00 ₹ 4,296
2	Cash and Cash Equivalent	0.00 ₹ 23341	0.01
3	Current Assets other than Cash and Cash Equivalent	0.10	0.09
4	Non-Current Liabilities	-	-

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

Sr. No.	Particulars	As at 31/3/2019 (Audited)	As at 31/3/2018 (Audited)
5	Current Liabilities	0.02	0.02
6	Equity	0.08	0.08
7	Proportion of the Company's ownership	33.33%	33.33%
8	Carrying amount of the investment*	0.00	0.00

Sr. No.	Particulars	Year Ended 31/3/2019 (Audited)	Year Ended 31/3/2018 (Audited)
1	Income	0.01	0.01
2	Cost of materials consumed	-	-
3	Depreciation and amortization expense	0.00 ₹ 3,437	0.00 ₹ 3,437
4	Finance costs	-	-
5	Employee benefits expenses	-	-
6	Other Expenses	0.01	0.01
7	Profit/(Loss) from continuing operations	(0.01)	(0.01)
8	Total comprehensive income for the year	(0.01)	(0.01)
9	Company's Share of profit /(loss) for the year	(0.00) (₹ 20,271)	(0.00) (₹ 24,502)

*Company, on implementation of IND AS had adopted the carrying amount as per IGAAP as its deemed cost of its investment in joint ventures.

C) **TALCHER FERTILIZERS LIMITED: -** A Joint venture Company with Coal India Limited (CIL), GAIL (India) Limited and Fertilizer Corporation of India Limited (FCIL) was incorporated on 13th November 2015 for revival of the FCIL's fertilizer unit at Talcher by establishing and operating new coal gasification based fertilizer complex(Ammonia/Urea Complex).

Summarized financial information of Company's investment in TALCHER FERTILIZERS LTD.

₹ Crore

Sr. No.	Particulars	As at 31/3/2019 (Unaudited)	As at 31/3/2018 (Audited)
1	Non-Current Assets	26.85	6.81
2	Cash and Cash Equivalent	17.07	8.40
3	Current Assets other than Cash and Cash Equivalent	4.07	0.64
4	Non-Current Liabilities	-	-
5	Current Liabilities	14.20	0.84
6	Equity	33.80	15.09
7	Proportion of the Company's ownership	33.33%	33.32%
8	Carrying amount of the investment	16.35	5.02
9	Income	0.98	0.26
10	Cost of materials consumed	0.00	0.00
11	Depreciation and amortization expense	0.05	0.01
12	Finance costs	0.00	0.00
13	Employee benefits expenses	0.00	0.00
14	Other Expenses	16.22	0.17
15	Profit/(Loss) from continuing operations	(15.27)	0.08
16	Total comprehensive income for the year	(15.27)	0.06
17	Company's Share of profit / (loss) for the year	(5.09)	0.02

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

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

₹ Crore

Sr. No.	Particulars	Year ended 31.3.2019	Year ended 31.3.2018
1	Audit fees for the year	0.21	0.21
2	Audit fees for Limited review	0.03	0.03
3	Audit fees for Consolidated Financial Statement	0.01	0.01
4	For Certificate and other expenses	0.14	0.07

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

Particulars	Unit	2018-19	2017-18
CER's at the beginning of the year (includes 28,772 CERS held on behalf of supplier of Catalyst)	No.	9,73,738	9,73,738
CER's Allotted	No.	-	-
CER's Sold	No.	-	-
CER's held at year end (includes 28,772 CERS held on behalf of supplier of Catalyst)	No.	9,73,738	9,73,738
CER's under certification	No.	Nil	Nil
Depreciation, operating and maintenance cost of emission reduction equipment's expensed during the year	₹ Crore	0.21	0.21

59. Employee Benefits:

The required disclosure under IND AS 19 is given below.

General Description of Defined Benefit Plan

1) Provident Fund:-

The Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952.

During the year an amount of ₹ 37.08 crore (P.Y. ₹ 33.38 crore) has been charged off to statement of Profit and loss towards contribution by the Company.

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

Particulars	As at 31st March 2019	As at 31st March 2018
Maturity profile assumed upto	5 years	5 years
Expected guaranteed interest rate	8.65%	8.80%
Discount rate	7.47%	7.56%

The details of fund plan asset position are given below.

₹ Crore

Particulars	As at 31st March 2019	As at 31st March 2018
Total plan assets	1107.54	1095.61
Total plan liabilities (as per unaudited financial statement)	1107.54	1095.61
Asset recognized in Balance Sheet	0.00	0.00

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

The funds of the trust have been invested under various securities as per the pattern of investment mandated by Employees Provident Fund Organization (EPFO) Guidelines.

2) Gratuity:-

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service depending upon the date of joining the same is payable on death, separation from service, or retirement, whichever is earlier. The benefit vests after five years of continuous service. During the year, the charge on account of Gratuity to Statement of Profit and Loss is ₹ 20.55 crore (PY ₹125.73 crore).

3) Leave Encashment:-

The Company has been accounting for provision on account of leave encashment on retirement based on actuarial valuation carried out as at the Balance Sheet date.

The liability for the leave encashment on retirement as at 31st March 2019 is ₹ 210.26 crore (P.Y. ₹ 205.86 crore)

4) Post-Retirement Medical Benefits:-

The Company has been accounting for provision on account of post-retirement medical benefits based on actuarial valuation carried out as at the Balance Sheet date. Employees of the company upon retirement/separation under Voluntary Retirement Scheme are entitled to medical benefits as per agreed upon scheme in force.

5) Long Term Service Award:

As a part of cordial relation and appreciation of long dedicated service, Company is honoring its employees with a memento on completion of 25 years of service.

General Description of Defined Contribution Plan

Contributory Superannuation Scheme: -The scheme is a defined contribution scheme. Employees are required to exercise their option to be a part of the scheme and make a contribution equivalent to the amount contributed by the Company to the fund, upon becoming the member of the scheme Under the scheme the employee shall be eligible for pension provided they have put in at least 15 years of service in the Company and superannuate from the Company which is as per Government of India guidelines. During the year Company has recognized an expenditure of ₹ 13.10 crore (P.Y. ₹ 9.89 crore) as contribution towards the said scheme.

Gratuity & Post-Retirement Medical Benefits:

The following table shows the impact of actuarial valuation as recognized in the financial statements in respect of Gratuity and Post-retirement medical benefits.

₹ Crore

Particulars	As at 31st March 2019		As at 31st March 2018	
	Gratuity (Funded)	Post-Retirement Medical Benefits (Non-Funded)	Gratuity (Funded)	Post-Retirement Medical Benefits (Non-Funded)
1) Components of Employer expenses				
Current Service Cost	9.41	2.77	7.83	3.11
Past Service cost	-	-	123.44	-
Net Interest Cost / (Income)	10.12	5.21	(0.51)	4.41
Net expense/(gain) recognized in the statement of Profit and Loss (refer note below)	**19.53**	**7.98**	**130.76**	**7.51**

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

Particulars	As at 31st March 2019		As at 31st March 2018	
	Gratuity (Funded)	Post-Retirement Medical Benefits (Non-Funded)	Gratuity (Funded)	Post-Retirement Medical Benefits (Non-Funded)
Remeasurement of the net defined benefit liability				
Actuarial Gains or Losses due to changes in Financial Obligations	1.22	(0.11)	(6.48)	(3.32)
Actuarial Gains or Losses due to experience adjustments	(2.39)	8.75	18.66	6.08
Return on plan assets excluding amounts included in Net Interest Expense	3.67		1.83	
Components of defined benefit cost/(Income) recognized in other comprehensive income	(4.85)	8.65	10.35	2.75
2) Changes in Benefit Obligations				
Present value of Obligation at year beginning	**317.99**	**67.18**	**179.59**	**61.91**
Service Cost	9.41	2.77	7.83	3.11
Interest Cost	24.04	5.21	12.79	4.41
Past Service cost	-	-	123.44	-
Actuarial(gain)/Loss	(1.17)	8.64	12.18	2.76
Benefits paid	(43.31)	(6.06)	(17.84)	(5.00)
Present value of Obligation at year end	**306.96**	**77.75**	**317.99**	**67.18**
3) Changes in Plan Assets				
Fair value of Plan Assets , at year beginning	184.04		186.75	
Expected return on Plan Assets	13.91		13.30	
Employer's contributions	113.70		-	
Benefits paid	(43.30)		(17.84)	
Actuarial gain/(Loss)	-		-	
Return on plan Asset excluding interest income.	3.67		1.83	
Fair value of Plan Asset at the year end	272.03		184.04	
Present Value of funded defined benefit obligation	306.96	77.75	317.99	67.18
Fair value of Plan Asset	272.03		184.04	
Net Liability arising from defined benefit obligation	34.94	-	133.95	-
Category of Plan Assets				
Insurance Fund	272.03		184.04	
Total	**272.03**		**184.04**	
Actuarial Assumptions				
Discount Rate(per annum)	7.47%	7.78%	7.56%	7.76%
Expected Rate of Return on Assets (per annum)	7.47%		7.56%	
Salary Escalation/Annual increase in health care cost	8.00%	-	8.00%	-
Rate of Employee Turnover	2.00%	2.00%	2.00%	2.00%
Contribution to defined benefit plan during the next financial year				
Sensitivity Analysis for Significant Assumptions is as given below				
One percentage point increase in discount rate	(12.89)	(5.18)	(13.62)	(5.15)
One percentage point decrease in discount rate	14.44	6.03	15.19	4.64
One percentage point increase in salary increase	5.33		6.06	
One percentage point decrease in salary increase	(5.88)		(6.57)	
One percentage point increase in employee turnover rate	1.61		1.52	
One percentage point decrease in employee turnover rate	(1.75)		(1.65)	

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

Particulars	As at 31st March 2019		As at 31st March 2018	
	Gratuity (Funded)	Post-Retirement Medical Benefits (Non-Funded)	Gratuity (Funded)	Post-Retirement Medical Benefits (Non-Funded)
Maturity Analysis of Projected Benefit Obligation (from the fund)				
1st Following Year	57.72	6.10	48.69	5.86
2nd Following Year	36.01	6.28	37.56	5.95
3rd Following Year	45.10	6.28	50.78	6.03
4th Following Year	46.58	6.39	43.82	6.04
5th Following Year	39.14	6.58	44.88	6.07
Sum of Years 6 to 10	110.99	32.95	127.18	29.09
Sum of Years 11 and above	146.95		149.37	

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore in presenting the above sensitivity analysis the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Estimates of future salary increase considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

60. The position of Hedged Foreign currency exposures are as under:

₹ Crore

Particulars	Hedged Exposure	Cross Currency	As on 31.3.2019	As on 31.3.2018
Foreign Currency exchange contracts	Buyer's credit/Supplier's credit availed for import of raw materials and traded products	USD	533.54	404.96
	Long Term Borrowings	USD/EUR	70.33	17.74

Derivative Financial Instruments

The status of derivative financial instruments outstanding is as under:-

in million

Hedging Instrument	Currency	Hedged Exposure	Currency	As on 31.3.2019	As on 31.3.2018
Forwards/ Call Spreads /Seagull options	USD / INR	Buyers Credit / Suppliers Credit/ Foreign Currency Long Term Loans	USD	79.16	63.82
	EUR/INR	External Commercial Borrowings	EUR	6.38	1.06

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

₹ Crore

Particulars	As on 31.3.2019	As on 31.3.2018
Foreign currency term loans	154.68	280.01
Buyer's credit/Suppliers credit for import of raw materials and others	78.40	129.57
Receivable from suppliers	3.98	1.90

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Contingent Assets:

61. In accordance with Modified New Pricing policy scheme (NPS III) effective from 01.04.2014, Company is eligible for increased compensation of fixed cost components for production of urea. As the price concessions relating to urea manufactured by the Company are yet to be notified, no additional compensation towards the same has been reckoned and further impact on account of the same is not quantifiable.

62. Company is in receipt of an arbitration award in its favor for the compensation claimed in respect of surrender of land to Mumbai Metropolitan Regional Development Authority (MMRDA) on 23rd May, 2018. As per the award, Company is eligible for compensation either in the form of cash / TDRs amounting to ₹ 75.17 crore along with interest over and above the entitled compensation as recommended by MMRDA. However MMRDA has appealed against the said award.

63. Exceptional items:

a) Exceptional items accounted in the year 2018-19 consist of an item of ₹ 23.44 crore as net fair value gain on account of valuation of Development Right Certificate received / receivable from Municipal Corporation of Greater Mumbai towards surrender of land in accordance with IND-AS 38 and Guidance Note on Accounting for Real Estate Transactions issued by Institute of Chartered Accountants of India. Tax expense includes capital gains tax impact on the same.

b) Exceptional item consist of :

₹ Crore

PARTICULARS	YEAR ENDED	
	31.03.2019	31.03.2018
Past service gratuity cost on account of increase in gratuity limits from ₹10 lakh to ₹20 lakh.	-	108.06
Loss / (Gain) on Revaluation of Development Right Certificate received / receivable from MMRDA towards surrender of land in earlier year.	21.58	(107.94)
Fair value gain on account of valuation of Development Right Certificate receivable from Municipal Corporation of Greater Mumbai towards surrender of land.	(45.02)	-
Net Exceptional Expense / (Income)	**(23.44)**	**0.12**

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

Company during the year has incurred an expenditure of ₹ 3.88 crore (P.Y. ₹ 7.79 crore) towards the same which is reported under Note No. 37 "Other Expenses"& Note 37B "Miscellaneous expenses".

The functional classification of the same is as under:-

₹ Crore

PARTICULARS	YEAR ENDED 31.3.2019		YEAR ENDED 31.3.2018	
	Construction / Acquisition of any assets (i)	On the purpose other than (i)	Construction / Acquisition of any assets (i)	On the purpose other than (i)
Water charges	-	0.67	-	0.38
Repairs and Maintenance	-	0.11	-	0.59
Miscellaneous expenses	-	3.10	-	6.82
Total	**-**	**3.88**	**-**	**7.79**

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

The other disclosures are as under:-

₹ Crore

PARTICULARS	YEAR ENDED 31.3.2019	YEAR ENDED 31.3.2018
Gross amount required to be spent by the Company during the year	3.84	7.73
Amount spent during the year (on purpose other than construction / acquisition of assets controlled by the Company)	3.02	7.19
Amount yet to be paid in cash	0.86	0.60

65. Income Tax

Reconciliation of tax expense and the accounting profit as per below:

₹ Crore

Sr. No.	PARTICULARS	YEAR ENDED 31.3.2019	YEAR ENDED 31.3.2018
1	Accounting profit before tax from continuing operations	235.25	128.22
2	Profit/(loss) before tax from a discontinued operation	0.00	0.00
3	Long term capital gain on TDR	23.44	107.78
4	**Accounting profit before income tax (other than above)**	**211.81**	**20.44**
A	**At the effective income tax rate of (31 March 2019: 34.94% and 31 March 2018: 34.61%)**	**74.01**	**7.07**
B1	**Effect of expenses that are not deductible in determining taxable profit**		
	i) Disallowance of CSR expenditure	1.35	2.70
	ii) Perquisite tax paid on behalf of employees	0.66	1.27
	iii) Depreciation disallowances due to difference in base	6.10	25.85
	iv) Section 43B adjustments due to difference in base	0.27	6.23
	v) Other permanent differences	24.54	1.85
B2	**Effect of income that is exempt from taxation**		
	i) Additional allowances for Tax purpose	-	-
	ii) Income not considered for Tax purpose	(1.22)	(1.15)
C	**Sub Total (A + B1+ B2)**	**105.73**	**43.83**
D	**Tax on Long term capital gains on TDR**	**7.56**	**24.87**
E	**Adjustment in respect of current income tax of previous year**	**(17.20)**	**(19.27)**
F	**At the effective income tax rate of % (31 March 2019: 40.84%, 31 March 2018: 38.55%)**	**96.08**	**49.42**

66. Deferred Tax

For the Year 2018-19

₹ Crore

	Opening Balance 01.04.2018	Recognized in P&L	Recognized in OCI	Closing Balance 31.03.2019
DEFERRED TAX LIABILITY				
Depreciation	356.93	35.54	-	392.47
Revaluation of FVTOCI Investments to Fair value	19.89	-	4.40	24.29
Other timing differences	0.77	0.24	-	1.01
TDR Accrued	-	8.39	-	8.39
TOTAL	**377.59**	**44.17**	**4.40**	**426.16**

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

	Opening Balance 01.04.2018	Recognized in P&L	Recognized in OCI	Closing Balance 31.03.2019
DEFERRED TAX ASSET				
Provision for doubtful debts/claims/advances	8.63	7.86	-	16.49
Provision for obsolescence of stores	8.61	1.04	-	9.65
Provision for diminution in value of investments	12.37	0.00	-	12.37
Expenditure allowable on payment basis	113.26	(20.35)	-	92.91
Disallowance to be claimed in future on actual basis	10.09	(10.09)	-	-
Other timing differences	4.86	9.55	-	14.41
TOTAL	**157.82**	**(11.99)**	-	**145.84**
NET DEFERRED TAX LIABILITY	**219.77**	**56.16**	**4.40**	**280.33**

For the Year 2017-18

₹ Crore

	Opening Balance 01.04.2017	Recognized in P&L	Recognized in OCI	Closing Balance 31.03.2018
DEFERRED TAX LIABILITY				
Depreciation	311.64	45.29	-	356.93
Revaluation of FVTOCI Investments to Fair value	14.87	-	5.02	19.89
Other timing differences	2.41	(1.64)	-	0.77
TOTAL	**328.92**	**43.65**	**5.02**	**377.59**
DEFERRED TAX ASSET				
Provision for doubtful debts/claims/advances	3.64	4.99	-	8.63
Provision for obsolescence of stores	8.51	0.10	-	8.61
Provision for diminution in value of investments	12.26	0.11	-	12.37
Expenditure allowable on payment basis	71.31	41.95	-	113.26
Disallowance to be claimed in future on actual basis	9.82	0.27	-	10.09
Other timing differences	4.57	0.29	-	4.86
TOTAL	110.11	47.71	-	**157.82**
NET DEFERRED TAX LIABILITY	**218.81**	**(4.06)**	**5.02**	**219.77**

67. Hedging activities and derivatives

- **Derivatives not designated as hedging instruments**

The Company has foreign currency denominated borrowings in the nature of External Commercial borrowings (ECBs), Foreign Currency Term Loan (FCTL) for its long term requirements and Buyers Credit, Suppliers credit for meeting its short term fund requirement. The Company has a hedging policy in place to manage its foreign currency risk relating to these borrowings. The Company uses various products for hedging like Forex Forward Contracts, Forward Rate Agreements, Plain Vanilla Options (call option and put option), Seagull options, Interest Rate Swaps, Currency Swaps including Cross-Currency Swaps etc. The Company undertakes hedging through these products considering the tenor of the underlying instrument and the same are not designated as cash flow hedges.

68. Fair values

The management has assessed that its financial assets and liabilities like cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

The following methods and assumptions were used to estimate the fair values for the given below financial assets.

- **Unquoted Equity Shares of Indian Potash Limited**

  The fair values of the unquoted equity shares have been estimated using a weighted average of DCF, PE and NAV model. The Company avails the services of professional valuer’ s for valuation of the same and the fair values so reported are based on a valuation report received from an investment valuation expert.

- **Derivatives not designated as hedges**

  The Company enters into derivative financial instruments with various banks. Interest rate swaps, foreign exchange forward contracts, derivative instruments are valued using valuation techniques, which employs the use of market observable inputs (i.e. based on inputs/statement of position received from banks). All derivative contracts with banks are unsecured.

- **Investment Properties**

  The value of the investment properties are based on the information and a study of the micro market in discussions with industry experts, local brokers and regional developers.

Fair values hierarchy is detailed as below

₹ Crore

Fair values Hierarchy	31.03.2019		31.03.2018	
	Significant observable inputs	Significant unobservable inputs	Significant observable inputs	Significant unobservable inputs
	Level 2	Level 3	Level 2	Level 3
Financial Assets				
Investment in Unquoted Equity Shares of Indian Potash Ltd.	-	69.99	-	57.38
Derivative Instruments not Designated as Hedges	0.14	-	2.33	-
Assets held for disposal	-	-	-	-
TDRs recognized at fair market value	131.49	-	107.94	-
Financial Liability				
Derivative Instruments not Designated as Hedges	5.16	-	-	-
Assets for which Fair values are disclosed	-	-	-	-
Investment Properties	840.55	-	691.14	-

69. Financial risk Management objectives and policies

The Company’s principal financial liabilities, other than derivatives, comprise of loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company’s operations and to provide guarantees to support operations of its subsidiaries/joint ventures, if any.

The Company’s principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTOCI investments and enters into derivative transactions.

The Company is exposed to market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures, The use of financial derivatives is governed by the Company’s polices approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, use of financial hedging instruments.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

The Company's management oversees these risks with the support of a Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Management Committee provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

All derivative activities for risk management purposes are carried out by designated officers who have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. These risks are summarized below:

- **Interest Rate Risk:**

Interest Rate Risk Management:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risks because the Company borrows funds at both fixed and floating interest rates.

The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align interest rate views and defined risk appetite, ensuring the most cost-effective hedging structures are applied and accordingly the Company enters into interest rate swaps.

Interest Rate Sensitivity Analysis:

The sensitivity analysis has been determined based on the exposure to interest rate risk on the borrowings outstanding as at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year with a 50 basis point increase or decrease. The detailed sensitivity analysis is given below:

₹ Crore

Nature of Floating interest rate Loans	Total outstanding floating rate loans	Current interest rate	Change	Impact on Profit and Loss Account (+Profit / -Loss)
As on 31.3.2019				
USD borrowings	20.72	5.65%	0.50%	(0.10)
			-0.50%	0.10
EUR Borrowings	164.57	1.05%	0.50%	(0.82)
			-0.50%	0.82
INR Borrowings	352.29	8.34%	0.50%	(1.76)
			-0.50%	1.76
Total	**537.58**			**(2.69)**
				2.69
As on 31.3.2018				
USD borrowings	45.48	4.53%	0.50%	(0.23)
			-0.50%	0.23
EUR Borrowings	204.23	1.05%	0.50%	(1.02)
			-0.50%	1.02
INR Borrowings	100.00	8.59%	0.50%	(0.50)
			-0.50%	0.50
Total	**349.71**			**(1.75)**
				1.75

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

- **Credit Risk:**

Credit Risk Management:

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigation the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse geographical areas for its fertilizers segment and across geographical areas and industries in respect of its chemicals segment. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The credit risk on liquid funds is limited because the counterparties are primarily Public Sector mutual funds and further the Company invests only in 100% debt oriented schemes of such funds. As regards derivative financial instruments the same is also limited because the counterparties are banks whose operations are regulated by the Reserve Bank of India.

In addition, the Company is exposed to credit risk in relation to financial guarantees given to the banks provided by the Company. Owing to one time settlements entered during the year with the lenders to whom such financial guarantees have been provided, the expected outgo on account of the same stands at ₹ Nil Crore as at March 31, 2019 (as at March 31, 2018, ₹ 19.50 Crore).

- **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The Company's activities exposes it's primarily to the financial risk of changes in foreign currency risk and interest rates risk.

- **Liquidity risk**

Liquidity risk management

Liquidity risk management refers to the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

₹ Crore

Company's Financial Liabilities	As at 31.03.2019					
	Demand	<3 Months	3-12 Months	1-5 years	>5 Years	Total
Borrowings	18.54	2796.81	221.24	425.11	--	3461.70
Trade Payables	769.54	305.62	79.93	211.79		1366.88
Other Financial Liabilities	228.44	32.04	38.29	43.08	0.64	342.49
TOTAL	**1016.51**	**3134.47**	**339.46**	**679.97**	**0.64**	**5171.07**
	As at 31.03.2018					
Borrowings	3.98	751.78	255.19	286.24	33.82	1331.01
Trade Payables	231.10	461.92	10.09	211.79	0.00	914.90
Other Financial Liabilities	318.83	5.32	37.19	22.31	12.40	396.05
TOTAL	**553.91**	**1219.02**	**302.47**	**520.34**	**46.22**	**2641.96**

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

- **Foreign Currency Risk:**

The Company undertakes transactions denominated in foreign currencies, consequently, exposure to exchange rate fluctuations arise. The Company has a Board approved Hedging Policy in place entailing parameters for hedging its foreign currency exposures completely before their maturities. The Company manages its exchange rate exposures within the approved parameters of the hedging policy through various derivative instruments such as options, swaps etc.

Foreign Currency Sensitivity Analysis:

The Company is mainly exposed to the currency of USD and EUR. The following table details the Company's sensitivity to a 5% increase and decrease in the INR as against the USD/EUR. The sensitivity analysis includes only outstanding foreign currency denominated monetary items i.e. loans in foreign currency and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number indicates an increase in profit or equity where the INR strengthens 5% against USD/EUR. For a 5% weakening of INR as against USD/EUR, there would be a comparable impact on the profit or equity, and the number would be negative.

₹ Crore

As on 31st March 2019									
Currency	**Trade Payables**	**Bank Loans (Long term + Short Term)**	**Derivative Financial Instruments**	**Interest accrued but not due on borrowings**	**Total Exposure to Foreign Currency**	**Exchange rate as on 31.3.2019**	**Change**	**Change per USD**	**Impact on Profit and Loss Account (+Profit / -Loss)**
	In Million					**₹/Foreign Currency**	**%**	**₹/Foreign Currency**	**₹. in Crore**
USD	80.49	25.92	86.35	0.14	**192.90**	69.1198	5%	3.4560	**(66.67)**
							-5%	-3.4560	**66.67**
EUR	-	21.25	6.38	0.12	**27.75**	77.4478	5%	3.8724	**(10.75)**
							-5%	-3.8724	**10.75**

As on 31st March 2018									
Currency	**Trade Payables**	**Bank Loans (Long term + Short Term)**	**Derivative Financial Instruments**	**Interest accrued but not due on borrowings**	**Total Exposure to Foreign Currency**	**Exchange rate as on 31.3.2019**	**Change**	**Change per USD**	**Impact on Profit and Loss Account (+Profit / -Loss)**
	In Million					**₹/Foreign Currency**	**%**	**₹/Foreign Currency**	**₹. in Crore**
USD	-	93.09	86.35	0.03	179.47	65.02	5%	3.2512	**(58.35)**
							-5%	-3.2512	**58.35**
EUR	-	25.50	6.38	0.13	32.01	80.09	5%	4.0045	**(12.82)**
							-5%	-4.0045	**12.82**

70. Capital Management

For the purpose of the Company's Capital management, capital includes equity capital and all other reserves. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company, for its capex requirement, borrows to the extent of 70% of the requirement and the remaining 30% shall be sourced from the internal accruals. Further, the Company, being a Public sector undertaking, is governed by the guidelines of the Department of Investment & Public Asset Management (DIPAM), which specifies the minimum percentage of dividend that can be declared. Accordingly, the Company has to manage its capex in such a way that the minimum dividend payout as stipulated is met. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Gearing Ratio:

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that its meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in financial covenants of any interest-bearing loans and borrowings in the currency period.

No changes have been made in the objectives, policies and processes for managing capital during the years ended 31st March 2019 & 31st March 2018.

₹ Crore

Particulars	**31.03.2019**	**31.03.2018**
Borrowings (Current + Non-Current)	3461.70	1254.65
Trade Payables	1366.88	909.19
Total Debt (A)	4828.58	2163.84
Total Capital (B)	3033.76	2929.69
Total Capital and Net Debt (C)	7862.34	5093.53
Gearing Ratio (A/C*100)	61.41	42.48

71. Standards Implemented during the Year

IND AS 115 Revenue from Contracts with Customers

IND AS 115 was issued in February 2015 and establishes a five step model to account for revenue arising from contracts with customers. Under IND AS 115 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer. The Company has adopted new accounting standard from accounting period commencing 1st April, 2018.

Consequent to the same revenue is recognized upon transfer of control of promised products and services to customers in an amount that reflects the consideration expected to be received in exchange for those product or services. The Company derives revenues primarily from the business of sale of Fertilizers & Chemicals to its customers, where upon transfer of control, invoices are raised upon completion of sale. Modification in contracts with reference to price are considered as part of the existing contract and not as separate contract.

Volume discounts pricing incentives and other variable rebates are reduced from revenue. In respect of quantity rebates the company recognizes the liability based on the estimate of the customer annual purchases. Any change in the estimated amount of the obligation of discount is accounted in the period in which the change occurs.

Trade receivables are presented net of incurred credit losses and expected credit losses.

Considering the nature of business, which the company is into there is no significant impact on revenues owing to applicability of IND AS 115 as compared to hitherto revenue recognized as per IND AS 18.

Disaggregate revenue information

The revenues has been disaggregated from contracts with customers based on the product offerings or the business segments in which it operates. The company believes this disaggregation's best depicts how the nature, amount, timing and uncertainty of our revenues are affected by industry, market and other economic actors.

The disclosure requirements as mandated by the standard is given in Note No 29

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

72. Recent Accounting pronouncements

IND AS 116 LEASES:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases standard IND AS 17 Leases, and related Interpretations. The standards set out the principles for the recognition, measurement, presentation and disclosure of lease for both parties to a contract i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit & loss. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The standard comes into force from accounting period commencing on or after 1st April, 2019, within those fiscal years.

The Company is in the process of analyzing the existing agreements to ascertain whether they are service agreements or there is an arrangement of lease in the same, based on which the impact of said Ind AS can be estimated.

IND AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On March 30,2019 Ministry of Corporate Affairs has notified Ind AS 12Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit(or loss), tax bases, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IndAS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases,unused tax credits and tax rates.

The effective date for adoption of Ind AS 12 Appendix C is annual period beginning 01st April, 2019.

The Company is in the process of analyzing the impact of the same if any.

Amendment to Ind AS 12- Income taxes:

On March 30, 2019 Ministry of Corporate Affairs issued amendments to the guidance in Ind AS12, Íncome Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transaction or events.

Effective date for application of this amendment is annual period beginning on or after April 01, 2019. The Company is currently evaluating the effects of this amendment on the consolidated financial statements.

Amendment to Ind AS 19- plan amendment,curtailment or settlement:

On March 30, 2019 Ministry of Corporate Affairs issued amendments to the guidance in Ind As19, 'Employee Benefits', in accordance with accounting for plan amendments, curtailments and settlements.

The amendments require an entity-

- To use updated assumptions to determine current service cost and net interest for the remainder of the periods after plan amendment, curtailment or settlement and

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

- To recognize in profit or loss as part of past service cost, or gain or loss on settlement any reduction in surplus even if that surplus was not previously recognized because of the impact of the asset ceiling.

  Effective date for application of this amendment is annual period beginning on or after April 01, 2019. The Company is currently evaluating the effects of this amendment on the consolidated financial statements and expects no impact on account of this amendment.

73. The standalone financial statements were authorized for issue in accordance with a resolution passed by the Board of Directors on 07th May 2019.

74. The financial statements as approved by the Board of Directors are subject to audit by Comptroller and Auditor General of India and final approval by its Shareholders.

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

For and on behalf of the Board of Directors

RASHTRIYA CHEMICALS AND FERTILIZERS LTD.

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

(Umesh Dongre)
Director (Finance)
DIN : 08039073

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

Dated : 7th May, 2019
Place: Mumbai

As per our report of even date attached

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

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

For Chhajed & Doshi
Chartered Accountants
Firm Regn. No. 101794W

(Nitesh Jain)
Partner
Membership No: 136169

Dated : 7th May, 2019
Place: Mumbai

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Annexure-1

STANDALONE SEGMENTWISE REVENUE AND RESULTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

Sr. No	Particulars	Fertilizers	Trading	Industrial Chemicals	Unallocated	Total
	SEGMENT REVENUE					
i.	Sales (Incl. Subsidy wherever applicable)	7541.23	372.91	955.16	-	8869.30
ii.	Other operating Income	5.32	0.14	1.07	9.64	16.17
	Total Revenue	**7546.55**	**373.05**	**956.23**	**9.64**	**8885.47**
	SEGMENT RESULT					
i.	Segment Results	277.76	36.80	60.27	(1.50)	373.33
ii.	Interest Expense					155.85
iii.	Interest Income					17.77
iv.	**Profit before Tax**					**235.25**
v.	Tax - Current					57.12
vi.	Deferred Tax Liability / (Asset)					56.16
vii	Tax adjustments of earlier years (excess) / short					(17.20)
viii.	**Net Profit**					**139.17**
	OTHER INFORMATION					
i.	Segment Assets	7612.88	675.31	353.09	279.21	8920.49
ii.	Segment Liabilities	1560.20	383.10	119.98	3822.51	5885.79
	Other Disclosures					
iii.	Capital Expenditure **	334.10	-	2.84	6.62	343.56
iv.	Depreciation and Amortisation	113.67	-	38.89	4.11	156.67
v.	Other Non Cash Expenses	10.47	-	0.01	19.51	29.99

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

STANDALONE SEGMENTWISE REVENUE AND RESULTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

Sr. No	Particulars	Fertilizers	Trading	Industrial Chemicals	Unallocated	Total
	SEGMENT REVENUE					
i.	Sales (Incl. Subsidy wherever applicable)	6203.57	271.44	783.72	-	7258.73
ii.	Other operating Income	4.87	0.27	0.83	17.26	23.23
	Total Revenue	**6208.44**	**271.71**	**784.55**	**17.26**	**7281.96**
	SEGMENT RESULT					
i.	Segment Results	143.90	32.96	26.95	(21.78)	182.03
ii.	Interest Expense					62.59
iii.	Interest Income					8.78
iv.	**Profit before Tax**					**128.22**
v.	Tax - Current					72.75
vi.	Deferred Tax Liability / (Asset)					(4.06)
vii	Tax adjustments of earlier years (excess) / short					(19.27)
viii.	**Net Profit**					**78.80**
	OTHER INFORMATION					
i.	Segment Assets	5604.75	118.39	249.41	351.00	6323.55
ii.	Segment Liabilities	1714.39	0.15	50.58	1628.74	3393.86
	Other Disclosures					
iii.	Capital Expenditure	503.46	-	4.68	0.79	508.93
iv.	Depreciation	102.03	-	31.64	4.65	138.32
v.	Impairment	(10.27)	-	9.19	-	(1.08)
vi.	Other Non Cash Expenses	3.28	-	0.01	15.96	19.25

* Finance income and costs, and Corporate expenses are not allocated to individual segments as the same are managed on a group basis.

* Current taxes, deferred taxes and write back of excess tax provisions are also not allocated to those segments as they are also managed on a group basis.

* Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties.

** Capital expenditure for Financial Year 2018-19 is net of input Tax credit of ₹ 56.06 crore.

EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

RECONCILIATIONS TO AMOUNTS REFLECTED IN FINANCIAL STATEMENTS

₹ Crore

Sr. No.	PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
I	**OPERATING REVENUE**		
	Segment Revenue		
	India	8875.83	7264.70
	Outside India	-	-
	Segment Reveue	**8875.83**	**7264.70**
	Unallocated - Management fees	9.64	17.26
	Total Operating Revenue	**8885.47**	**7281.96**
II	**RECONCILIATION OF PROFITS**		
	Segment Profit	374.83	203.81
	Add: Interest Income	17.77	8.78
		392.6	212.59
	less: Finance Costs	155.85	62.59
	Corporate Expenses (net)	1.50	21.78
	Profit Before Tax	**235.25**	**128.22**
III	**RECONCILIATION OF ASSETS**		
	Segment Assets	**8641.28**	**5972.55**
	Investments	86.34	62.40
	Corprate Assets + CWIP	25.45	23.13
	Non Current Tax Asset	105.15	79.44
	Derivatives not designtaed as hedges (MTM Gain Receivable)	0.14	2.33
	Cash & Bank balances	3.04	0.72
	Other assets	59.09	182.98
	Total Assets	**8920.49**	**6323.55**
IV	**RECONCILIATION OF LIABILITIES**		
	Segment Liabilities	**2063.28**	**1765.12**
	Borrowings long term	425.11	320.06
	Current maturities of long term Loans	151.12	76.36
	Borrowings Short term	2880.96	932.44
	Deferred Tax Liabilities	280.33	219.77
	Current Tax Liability	-	36.02
	Corporate Guarantees given	-	19.50
	Derivatives not designtaed as hedges (MTM Loss Payable)	5.16	-
	Other current financial liabilities	40.17	14.96
	Other non current financial liabilities	0.09	0.05
	Other Liabilities	39.57	9.58
		5885.79	**3393.86**

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR's REPORT

TO THE MEMBERS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED.

Report on the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of **RASTRIYA CHEMICALS AND FERTILISERS LIMITED (**hereinafter referred to as "the Company") and its jointly controlled entities comprising of the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and Consolidated Statement of cash flows for the year ended March 31, 2019, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as "the Consolidated Ind AS Financial Statement").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs of the Company as at March 31, 2019, and its consolidated profit, Consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated IND AS Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated IND AS financial statements.

a) **Note No 46 (b):** The matter relating to the issue of unintended benefits accruing to units using domestic gas for manufacture of nutrient "N" has been referred and is pending before an Inter-Ministerial Committee (IMC) of Government of India (GoI). It is expected that a decision on the matter would be taken soon by the IMC. Pending such decision, initially subsidy amounting to ₹ 198.94 Crore was withheld. As per DoF approval for release of this subsidy, upon submission of its claims along with bank guarantee for equivalent amount by the Company, an amount of ₹ 125.11 Crore has been received upto March 31, 2019. Accordingly, no provision has been made in these accounts towards the balance amount of ₹ 73.83 Crore withheld, as Company is of the view that no unintended benefits have accrued to owing to use of domestic gas.

b) **Note No 47:** Consequent to Gas pooling being made applicable to Fertilizer (Urea) sector w.e.f. June 1, 2015, it is expected that a differential pricing of gas may be made applicable for non-urea usage. Company has represented to DoF for maintaining supply of domestic gas for P&K fertilizers and chemicals. Ministry of Petroleum & Natural Gas (MoPNG) vide its order No. L-13013/3/2012-GP-I, dated: December 16, 2015 has directed GAIL (India) Limited to levy a higher gas price (i.e. the highest rate of RLNG used for production of urea) for gas consumed in non-urea operations. As the matter relating to the same is pending before the IMC for decision, the Company has represented that any decision on the same be taken only upon the issue being settled by the IMC of GoI. However, pending finalization of price payable as per the said letter, Company is recognizing liability based on the difference between domestic gas price and pool / market price of gas for its non-urea operations. The difference is provided considering domestic gas first for urea operations on cumulative basis for the year and the balance if any, for non-urea operations. and Accordingly, there is no impact for the year ended March 31, 2019. The Company has recognised a liability of ₹ 211.79 Crore for the period commencing from June 1, 2015 to March 31, 2019 (₹ 211.79 Crore upto March 31, 2018) on this account.

The Company has entered into a contract for procurement of market priced gas for non-urea operations at Trombay unit, effective from May 16, 2016.

Pursuant to the said order, GAIL has sought a differential levy amounting to ₹ 1442.84 Crore for the period commencing from July 1, 2006 till March

31, 2017 and has initiated arbitration proceeding towards non-payment of the same. The Company has represented this matter to Department of Fertilizers for dispute resolution as the matter relating to the same is pending before the IMC of GoI. The said matter has been currently referred to Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD) on May 22, 2018

c) **Note No 49.3) a): Inter Corporate Deposit (ICD) advanced to Fertilizers and Chemicals Travancore Ltd (FACT) -** a 50% JV partner in FACT-RCF Building Products Ltd (FRBL) of ₹ 25.50 Crore (being their share of contribution paid by RCF towards one- time settlement entered into between FRBL and their bankers resulting in Corporate Guarantee given by Company to FRBL bankers being discharged) outstanding as at March 31, 2019 has not been provided for, despite FACT's adverse financial position, as the Company is confident of settlement of the ICD given. Further the FACT is a Government owned Entity and interest has been settled by them upto March 31, 2019.

d) **Note No. 55:** Net fair value gain of Rs. 23.44 Crore on account of valuation of Development Right Certificate received from Municipal Corporation of Greater Mumbai/ Mumbai Metropolitan Regional Development Authority towards surrender of land in accordance with IND-AS 38 and Guidance Note on Accounting for Real Estate Transactions issued by the Institute of Chartered Accountants of India. Tax expense includes the Capital Gains Tax impact on the same

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated IND AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in our audit are:

1. Revenue Recognition and measurement in respect of subsidy income
2. Transferrable Development Rights (TDR) – Accounting and Valuation
3. Estimation of Provision & Contingent Liabilities
4. Information Technology General Control

Sr. No.	Key Audit matter	Response to Key Audit Matter
1.	Revenue recognition and measurement in respect to subsidy income Recognition of subsidy is generally made on the basis of in principle recognition/approval /settlement of claims from Government of India/Fertilizer Industry Co-ordination Committee while finalizing the financial statements. During the year, Company has recognized an amount of Rs. 423.49 Crore towards subsidy income on estimated basis as per note 46(a) of the Consolidated Ind AS Financial Statement MRP of urea being fixed by Government of India, the company is entitled for subsidy wherein certain inputs costs are a pass through and compensation for production beyond a level of production known as Reassessed capacity is restricted to lower of Import Parity Price(IPP) of Urea plus other incidental charges which the government incurs on imported urea, or its own concession price, as determined under extant policies for Urea. Further subsidy income is net of adjustments of recoveries towards sale/transfer for surplus ammonia or non-conversion of entire ammonia into urea. Since there is a time lag between actual expenditure incurred and notification of concession rates for the year, Management exercises significant judgement in arriving at the income entitled on account of same for the year. Therefore, there is a risk of revenue being misstated on account of errors in estimation of concession/IPP rates yet to be notified, due to absence of notification available and change in methodology/ calculation, if any for arriving at price concession.	Our Procedure included: **Accounting policies and principles:** We have reviewed the Company's Accounting policies for Subsidy on Urea as mentioned under "Note A. Statement of Significant Accounting policies III) D) Revenue Recognition" of the financial statements and the same is compared with the applicable Ind AS. **Tests of controls:** We have evaluated the design, implementation and operating effectiveness of key controls over recognition of subsidy income. **Tests of details:** We have verified the supporting documentation for determining that the subsidy was recognized in the correct accounting period and as per notified rates. In absence of notified rates, we have verified calculation of estimated rates based on information available with the Company for such costs which are a pass through. In case estimation of income is based on other parameters like IPP of Urea etc. verification of the same based on available information in public domain. Testing reasonability of assumptions based on past trends, consistency in application and changes in the same owing to change in Government policies **Performing substantive analytical procedures: -** Ascertainment and analysis of variations with respect of amounts estimated and actually entitled upon notification with respect to previous years. We also assessed as to whether the disclosures in respect of revenue were adequate.

Sr. No.	Key Audit matter	Response to Key Audit Matter
2.	**Transferrable Development Rights (TDR) – Accounting and Valuation** Company has accounted for an amount of Rs. 131.49 Crore as per Note 15 to Consolidated Ind AS financial Statement, towards TDR received / receivable from MMRDA/MCGM for surrender of its land which has been reported at fair value. Further an amount of Rs. 75.17 Crore along with interest thereon has not been accounted as per an arbitration award on the said matter as per Note 54 to Consolidated Ind AS financial Statement. Management judgement has been exercised in accounting and valuation of the same which is based on the representation and explanation given by the management along with confirmation received from a lawyer in respect of matters in dispute and valuation report of an independent valuer. In the absence of any empirical evidence relating to value of TDR's realized by the Company in the past and determination of probability of receipt of TDRs considering present scenario where TDRs is in dispute, these judgements may result in error in estimation which may impact future financial statements.	**Internal enquiry:** We enquired of the senior management, and inspected the minutes of the board, and various committees of the board in regard with receipt of TDRs wherever TDRs is in dispute. **Accounting policies:** Further, we focused on whether the valuation of TDR has been in accordance as per accounting guidance issued by ICAI and the classification and reporting of then same as per applicable accounting standards. **Enquiry and confirmation of lawyers:** In respect of matters which are under dispute as far as TDR is concerned, we have assessed and received confirmation /opinion of Company's in-house Legal Department / external lawyers where ever necessary. **Tests of controls** We have evaluated the design, implementation and operating effectiveness of key controls that the management has established for Accounting, classification and valuation of TDR's. **Tests of details:** We have relied on report as prepared by independent valuer's and have reviewed the assumptions made by the valuer in it for its acceptability. We also assessed as to whether the disclosures in respect of TDR's were adequate.
3.	**Estimation of Provision & Contingent Liabilities** In the recognition and measurement of provisions, there is uncertainty about the timing or amount of the future expenditure required to settle the liability. In respect of contingent liabilities, there are estimates and assumptions made to determine the amount to be disclosed. As a result, there is a high degree of judgement required for the recognition and measurement of provisions and disclosure of contingent liabilities. Company has reported Provision and Contingencies amounting to Rs. 1692.59 Crore in the note 41.1 to Consolidated Ind AS financial statement There is a risk of material misstatement that the estimates are incorrect and that the provisions or contingent liabilities are materially misstated.	**Internal enquiry:** We enquired of the senior management, and inspected the minutes of the board, and various committees of the board where relevant, for claims arising and challenged whether provisions are required. **Tests of details:** In respect of significant claims, we checked the amount of claim, nature of issues involved, management submissions and corroborated the same with external evidence, where available. **Enquiry and confirmation of lawyers:** In respect of matters which are under dispute, we have assessed opinion of Company's in-house Legal Department / external lawyers where ever necessary.
4.	**Information Technology Controls** A significant part of the Company's financial reporting process is heavily reliant on IT systems with automated processes and controls over the capture, storage and extraction of information. A fundamental component of these processes and controls is ensuring appropriate user access and change management protocols exist and being adhered to. These protocols are important because they ensure that access and changes to IT systems and related data are made and authorised in an appropriate manner. As our audit sought to place a high level of reliance on IT systems and application controls related to financial reporting, high proportion of the overall audit effort was in Information Technology (IT) Systems and Controls. We focused our audit on those IT systems and controls that are significant to the Company's financial reporting process.	We focused our audit on those IT systems and controls that are significant to the Company's financial reporting process. As audit procedures over IT Systems and controls require specific expertise, we involved our IT specialist. We assessed the design and tested the operating effectiveness of the Company's IT controls, including those over user access and change management as well as data reliability. In a limited number of cases we adjusted our planned audit approach as follows: - we extended our testing to identify whether there had been unauthorized or inappropriate access or changes made to critical IT systems and related data; - where automated procedures were supported by systems with identified deficiencies, we extended our procedures to identify and test alternative controls; and - where required, we performed a greater level of testing to validate the integrity and reliability of associated data and reporting.

Other Matters

a) The Consolidated Ind AS financial statements also include the Group's share of net loss of Rs. 0.002 Crore for the year ended March 31, 2019, as considered in the consolidated Ind AS financial statements, in respect of one jointly controlled entity, namely Urvarak Videsh Limited, whose financial statements / financial information have not been audited by us. This Ind AS financial statement has been audited by other auditor whose report has been furnished to us by the management and our opinion on the special purpose consolidated Ind AS financial statements, in so far as it related to the amounts and disclosures included in respect of this jointly controlled entity is based solely on the report of the other auditor.

b) The consolidated Ind AS financial statements also include the Group's share of net loss of Rs. 5.09 Crore for the year ended March 31, 2019, as considered in the consolidated Ind AS financial statements, in respect of Talcher Fertilizers Limited (formerly known as Rashtriya Coal Gas Fertilizers Limited), a jointly controlled entity. For FACT RCF Building Products Limited, owing to the company's share of losses exceeding its interest in the joint venture the share of loss stands discontinued. Accordingly, Company has not recognised share of its losses for the year ended March 31, 2019. These Ind AS financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far as it related to the amounts and disclosures included in respect of these jointly controlled entities is based solely on such unaudited Ind AS financial statements. In our opinion and according to the information and explanations given to us by the Management, these Ind AS financial statements are not material to the Company

Our Opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of (a) and (b) above with respect to our reliance on the work done and the report of the other auditor and Ind AS financial statements certified by the Management.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, Management Discussion & Analysis Report, Business Responsibility Report and Corporate Governance Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Director's Report, Management Discussion & Analysis Report, Business Responsibility Report and Corporate Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated IND AS Financial Statements

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

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

In preparing the consolidated IND AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated IND AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated IND AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated IND AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated IND AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated IND AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated IND AS financial statements, including the disclosures, and whether the consolidated IND AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated IND AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated IND AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on Other Legal and Regulatory Requirements

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

2. 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 Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account

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

   e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

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

   g) With respect to the other matters to be included in the Auditor's Report as per Section 143(3) (j):

      I. in accordance with the requirements of section 197(16) of the Act, as amended:

         As per notification number G.S.R. 463 (E) dated June 5, 2015 issued by Ministry of Corporate Affairs, Section 197 of the Act as regards the managerial remuneration is not applicable to the Company, since it is a Government Company.

      II. 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 Consolidated Ind AS financial statements – Refer Note 41 to the consolidated Ind AS financial statements.

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

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

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

Sai Venkata Ramana Damarla
Partner
Membership. No. 107017

For CHHAJED & DOSHI
Chartered Accountants
Firm Registration No 101794W

Nitesh Jain
Partner
Membership. No. 136169

Place: Mumbai
Dated: May 7, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para 1 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the consolidated Ind AS financial statements for the year ended March 31, 2019.

Report on the Directions and Sub-directions issued by the Comptroller and Auditors General of India, the action taken thereon and its impact on the accounts and financial statement of the Company under Section 143(5) of the Act:

A. **Directions**

1. **Whether the company has system in place to process all the accounting transactions through IT system? If no, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated**.

As per information and explanations given to us, the major important functional areas of organization like Financial Accounting, Sales Accounting, Human Resources Information, Payroll, Material/Inventory Management etc. have been computerized and date is processed through the IT systems. The Company has implemented SAP during 2005-06 in order to make information processing fully integrated and centralized. Following modules have been implemented in SAP ERP wherein transactions are processed in an integrated manner.

- Finance & Costing (FI-CO)
- Asset Management (AM)
- Production Planning (PP)
- Plant Maintenance (PM)
- Materials Management (MM)
- Sales & Distribution (SD)
- Cost Object & Profitability Analysis (CO-PA)
- Business Warehouse (BW)
- Environment Health & Safety (EHS)
- Township Management
- HR & Pay Roll (HCM- Implemented during the year 2006-07)

In 2010, along with an upgrade of the existing SAP business applications, following new solutions were also implemented

- SAP Enterprise portal (Employee Self Service/ Manager Self Service)
- Governance, Risk and Compliance

Attendance recording system is another subsidiary system specifically developed to meet the requirements of the Company for recording attendance of unionized category employees of the Company. The attendance data from this system is directly uploaded in SAP for payroll processing.

The IT system has been also configured to meet the compliance and business requirements as mandated by applicability of Ind AS and Goods and Services Tax.

Thus, the IT system enables integrated processing of most of the accounting transactions. However, there are certain accounting transactions like subsidy income, relating to borrowings, payment of interest etc., corporate taxes, valuation of finished goods inventory as per principles of Ind AS and certain year end provisions etc. which are standalone to Finance and thus are not/cannot be integrated. Such transactions and balances are adequately supported by relevant documents maintained / calculations maintained in Excel work books. A maker checker protocol is also followed to check the calculations, the accounting implications and the effect of the entries posted in SAP system. As these transactions are standalone to Finance, they are processed directly in the Finance module of the SAP IT system.

Further based on the information processed in SAP system, such data is extracted to excel for preparation and presentation of financial statements as per Schedule III of Companies Act. Proper checks and controls are exercised so that the information presented is in consonance with the base data extracted from the SAP System.

2. **Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.**

Based on audit procedure performed by us and as per the information and explanation given to us, there is no restructuring of an existing loan or cases of waiver/ write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan

3. **Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.**

As per information and explanations given to us, Company has not received any funds for specific schemes from central/state agencies during the year.

B. **Sub-directions**

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

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

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

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

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

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

Based on the audit procedures performed by us and as per the information and explanations given to us, subsidy received/recoverable from Government of India has been properly accounted for as per claims admitted. In addition to the same, for the rates yet to be notified due to escalations/de-escalations in the cost of inputs and other costs, subsidy has been accounted on estimated basis which is in line with its stated accounting policy of revenue recognition given in notes to the Consolidated Ind AS financial statements for the year 2018-19.

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

Subsidy received during the year amounting to Rs. 3752.39 Crore is in agreement with the amount disbursed by the Government of India

3. **Whether the Transferable Development Rights (TDR) from Maharashtra Government are properly valued and accounted for**

In our opinion and as per explanation and information given to us, Transferable Development Rights (TDRs) have been properly valued and accounted for, summary of the same is as follows:

PARTICULARS	2018-19			2017-18			Change
	Land	TDR	TDR Value	Land	TDR	TDR Value	
	Sq. Mt.	Sq. Mt.	₹ Crore	Sq. Mt.	Sq. Mt.	₹ Crore	₹ Crore
TDR Recieved: MMRDA	8,265	16,530	55.50	8,265	16,530	63.04	(7.54)
TDR Accrued:							
MMRDA	40,585	11,799	30.97	40,585	11,799	44.99	(14.02)
MCGM	7,000	15,400	45.01	NA	NA		45.01
TDR Dispute	22,173	Refer Note	Refer Note	22,173	Refer Note	Refer Note	
Total	**78,023**	**43,729**	**131.49**	**71,023**	**28,329**	**108.03**	**23.45**

Note: As per Note no. 54 to the Consolidated Ind AS Financial Statements," the Company had received an arbitration award in its favor in respect of compensation claimed in respect of transfer of land to Mumbai Metropolitan Regional Development Authority (MMRDA) on May 23, 2018. As per the Award, the Company is eligible for additional compensation either in the form of cash or TDRs amounting to ₹ 75.17 Crore along with interest @9% thereon from March 31, 2015 till the date of realization of award. As the award is being appealed against by MMMRDA, pending final outcome of the same, the Company has not recognised any income accruing on account of the same.

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

Sai Venkata Ramana Damarla
Partner
Membership. No. 107017

For CHHAJED & DOSHI
Chartered Accountants
Firm Registration No 101794W

Nitesh Jain
Partner
Membership. No. 136169

Place: Mumbai
Dated: May 7, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para 2 (f) 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the consolidated Ind AS financial statements for the year ended March 31, 2019.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In Conjunction with our audit of Consolidated Ind AS financial Statement of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls with respect to financial statements of **RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED** ("the Company") and its jointly controlled entities which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with respect to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with respect to Financial Statement based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with respect to financial Statement 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 with respect to financial Statement and their operating effectiveness.

Our audit of internal financial controls with respect to financial Statement included obtaining an understanding of internal financial controls with respect to financial statement, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with respect to Financial Statement

A Company's internal financial control with respect to financial statement is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with respect to financial statement includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls with respect to Financial Statement

Because of the inherent limitations of internal financial controls with respect to financial statement, 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 with respect to financial Statement to future periods are subject to the risk that the internal financial control with respect to financial statement may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company and its jointly controlled entity, which hare incorporated in India, have in all material respects an adequate internal financial control with respect to financial statement system and such internal financial controls with respect to financial statement were operating effectively as at March 31, 2019, based on the internal control with respect to financial statement criteria established by the Company and its jointly controlled entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India"

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act, on the adequacy and operating effective ness of the internal financial controls with respect to financial statement:

i. in so far as it relates to one jointly controlled entity, namely Urvarak Videsh Limited, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

ii. in so far as it relates to two other jointly controlled entities, namely FACT RCF Building Products Limited and Talcher Fertilizers Limited, which are companies incorporated in India, has not been considered for reporting in the absence of such corresponding report as the respective jointly controlled entities have not been audited till the date of issuing our report.

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

Sai Venkata Ramana Damarla
Partner
Membership. No. 107017

For CHHAJED & DOSHI
Chartered Accountants
Firm Registration No 101794W

Nitesh Jain
Partner
Membership. No. 136169

Place: Mumbai
Dated: May 7, 2019

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2019

The preparation of Consolidated Financial Statements of Rashtriya Chemicals and Fertilizers Limited, Mumbai for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (the Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with Section 129(4) of the Act are responsible for expressing opinion on the Financial Statements under Section 143 read with Section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 07 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit of the Consolidated Financial Statements of Rashtriya Chemicals and Fertilizers Limited, Mumbai for the year ended 31 March 2019 under Section 143(6)(a) read with section 129(4) of the Act. We conducted a Supplementary Audit of the Standalone Financial Statements of Rashtriya Chemicals and Fertilizers Limited, Urvarak Videsh Limited and Talcher Fertilizers Limited but did not conduct Supplementary Audit of the Financial Statements of FACT-RCF Building Products Limited for the year ended on that date. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under section 143 (6) (b) of the Act.

For and on behalf of the

Comptroller and Auditor General of India

(Roop Rashi)

Director General of Commercial Audit and

ex-Officio Member, Audit Board-I, Mumbai.

Place: Mumbai

Date: 01 August 2019

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2019

₹ Crore

PARTICULARS	NOTE NO.	AS AT 31.03.2019	AS AT 31.03.2018
ASSETS			
1. NON CURRENT ASSETS			
(a) Property, Plant and Equipment	1	1942.71	1903.49
(b) Capital Work in Progress	1.4	275.69	152.36
(c) Investment Property	2	6.29	5.10
(d) Intangible Assets	3	0.99	1.41
(e) Financial Assets			
(i) Investments			
Investment in Joint Ventures	4	11.30	5.06
Other Investments	4	69.99	57.38
(ii) Trade Receivables	5	-	-
(iii) Loans	6	0.27	0.41
(iv) Others	7	-	0.34
(f) Deferred Tax asset (net)			
(g) Other non-current assets	8	297.26	328.85
		2604.50	**2454.40**
2. CURRENT ASSETS			
(a) Inventories	9	1478.78	741.65
(b) Financial Assets			
(i) Trade Receivables	10	4550.19	2860.41
(ii) Cash and Cash Equivalents	11	3.59	5.24
(iii) Bank balances other than (ii) above	12	1.27	0.72
(iv) Loans	13	26.01	6.86
(v) Others	14	46.23	81.21
(c) Other Current Assets	15	204.87	173.10
		6310.94	**3869.19**
TOTAL ASSETS		**8915.44**	**6323.59**
EQUITY AND LIABILITIES			
A. EQUITY			
(a) Equity Share Capital	16	551.69	551.69
(b) Other Equity	17	2477.96	2378.04
		3029.65	**2929.73**
B. LIABILITIES			
1. NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	18	425.11	320.06
(ii) Trade Payables	19		
(A) total outstanding dues of micro enterprises and small enterprises.		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		211.79	211.79
(iii) Other Financial Liabilities	20	43.72	34.71
(b) Provisions	21	181.46	253.78
(c) Deferred Tax Liabilities(Net)	22	280.33	219.77
(d) Other non-current liabilities	23	38.28	26.38
		1180.69	**1066.49**

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2019

₹ Crore

PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2019	YEAR ENDED 31.03.2018
2. CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	24	2885.47	934.59
(ii) Trade Payables	25		
(A) total outstanding dues of micro enterprises and small enterprises.		24.67	15.14
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		1130.42	687.97
(iii) Other Financial Liabilities	26	449.89	437.70
(b) Other Current Liabilities	23	72.82	80.15
(c) Provisions	27	141.83	135.80
(d) Current Tax Liabilities (Net)	28	-	36.02
		4705.10	**2327.37**
TOTAL EQUITY AND LIABILITIES		**8915.44**	**6323.59**

Statement of Significant Accounting Policies	A
Explanatory Information on Financial Statements	40 - 60

For and on behalf of the Board of Directors

RASHTRIYA CHEMICALS AND FERTILIZERS LTD.

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

(Umesh Dongre)
Director (Finance)
DIN : 08039073

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

Dated : 7th May, 2019
Place: Mumbai

As per our report of even date attached

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

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

For Chhajed & Doshi
Chartered Accountants
Firm Regn. No. 101794W

(Nitesh Jain)
Partner
Membership No: 136169

Dated : 7th May, 2019
Place: Mumbai

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

	PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2019	YEAR ENDED 31.03.2018
I	Revenue from Operations	29	8885.47	7281.96
II	Other Income	30	79.67	61.24
III	**Total Income (I+II)**		**8965.14**	**7343.20**
IV	**Expenses:**			
	Cost of Materials Consumed	31	3880.01	2995.89
	Purchases of Stock in Trade	32	798.15	213.66
	Changes in Inventories of Finished Goods and Stock in Trade	33	(605.27)	14.64
	Employee benefits expense	34	591.41	573.75
	Finance costs	35	155.85	62.59
	Depreciation and amortization expense / Impairment	36	155.69	137.04
	Other Expenses	37	3777.49	3217.29
	Total Expenses		**8753.33**	**7214.86**
V	**Profit before exceptional items (III-IV)**		**211.81**	**128.34**
VI	**Share of Profit / (Loss) of Associates / JV's**		**(5.09)**	**0.02**
VII	**Profit before exceptional items (V-VI)**		**206.72**	**128.36**
VIII	Exceptional Items	38	(23.44)	0.12
IX	**Profit before tax (VII-VIII)**		**230.16**	**128.24**
X	**Tax Expense**			
	(1) Current tax		57.12	72.75
	(2) Deferred tax		56.16	(4.06)
	(3) Taxation adjustment of earlier years Excess(-)/Short(+)		(17.20)	(19.27)
XI	**Profit/ (loss) for the year (IX-X)**		**134.08**	**78.82**
XII	**Other Comprehensive Income**	39		
	(i) Items that will not be reclassified to profit or loss		8.82	(0.61)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(3.07)	(0.48)
	Other Comprehensive Income for the year (XII)		**5.75**	**(1.09)**
XIII	**Total Comprehensive Income for the year (XI+XII)**		**139.83**	**77.73**
XIV	Earnings per equity share			
	Basic and Diluted Earnings per share (₹)	50	2.43	1.43
	Statement of Significant Accounting Policies	A		
	Explanatory Information on Financial Statements	40 - 60		

For and on behalf of the Board of Directors

RASHTRIYA CHEMICALS AND FERTILIZERS LTD.

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

(Umesh Dongre)
Director (Finance)
DIN : 08039073

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

Dated : 7th May, 2019
Place: Mumbai

As per our report of even date attached

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

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

For Chhajed & Doshi
Chartered Accountants
Firm Regn. No. 101794W

(Nitesh Jain)
Partner
Membership No: 136169

Dated : 7th May, 2019
Place: Mumbai

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2019

A. EQUITY SHARE CAPITAL

₹ Crore

Balance as at 01.04.2018	Changes in equity share capital during the year	Balance as at 31.03.2019	Balance as at 01.04.2017	Changes in equity share capital during the year	Balance as at 31.03.2018
551.69	-	551.69	551.69	-	551.69

B. OTHER EQUITY

FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

Particulars	Reserves and Surplus		Items of Other Comprehensive Income	Total
	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	
Balance as at 01.04.2018	**2340.72**	**-**	**37.32**	**2378.04**
Profit for the year	-	134.08	-	134.08
Other Comprehensive Income (Net of Tax)	-	(2.46)	8.21	5.75
Total Comprehensive Income for the year	**-**	**131.62**	**8.21**	**139.83**
Dividend paid (Including Dividend Distribution Tax) Refer note no. 18	-	(39.91)	-	(39.91)
Transfer to General Reserve	91.71	(91.71)	-	-
Balance as at 31.03.2019*	**2432.43**	**-**	**45.53**	**2,477.96**

FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

Particulars	Reserves and Surplus		Items of Other Comprehensive Income	Total
	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	
Balance as at 01.04.2017	**2343.51**	**-**	**29.84**	**2373.35**
Profit for the year	-	78.82	-	78.82
Other Comprehensive Income (Net of Tax)	-	(8.57)	7.48	(1.09)
Total Comprehensive Income for the year	**-**	**70.25**	**7.48**	**77.73**
Dividend paid (Including Dividend Distribution Tax) Refer note no. 18	-	(73.04)	-	(73.04)
Transfer from General Reserve	(2.79)	2.79	-	-
Balance as at 31.03.2018*	**2340.72**	**-**	**37.32**	**2378.04**

* The closing balance in General Reserve is arrived after adjustment of Remeasurement of Defined Benefit Plans ammounting to ₹2.46 crore (P.Y. ₹ 8.57 crore) during the year net of current tax amounting to ₹ 1.33 crore (P.Y. ₹ 4.54 crore)

For and on behalf of the Board of Directors

RASHTRIYA CHEMICALS AND FERTILIZERS LTD.

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

(Umesh Dongre)
Director (Finance)
DIN : 08039073

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

Dated : 7th May, 2019
Place: Mumbai

As per our report of even date attached

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

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

For Chhajed & Doshi
Chartered Accountants
Firm Regn. No. 101794W

(Nitesh Jain)
Partner
Membership No: 136169

Dated : 7th May, 2019
Place: Mumbai

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

	Particulars	Year Ended 31.03.2019		Year Ended 31.03.2018	
A	Cash Flow From Operating Activities				
	Net Profit before tax		230.16		128.24
	Adjustments for :				
	Depreciation/Loss on impairment of Assets	156.03		137.24	
	Profit(-) / Loss on sale of Assets	(1.89)		(2.06)	
	Changes in value of investements	5.09		(0.02)	
	Interest Income	(17.77)		(8.78)	
	Dividend Income	(0.32)		(0.27)	
	Interest and Finance Charges	155.85		62.59	
	Provision for Bad/Doubtful debts	24.58		17.01	
	Unrealised Foreign Exchange (Gain) /Loss	(6.28)		14.01	
			315.29		219.72
	Operating Profit before Working Capital Changes Adjustments for :		545.45		347.96
	Trade and Other Receivables	(1636.23)		412.88	
	Inventories	(737.13)		51.65	
	Trade Payables and Other Liabilities	289.98		293.63	
			(2083.38)		758.16
	Cash Generated from Operations		(1537.93)		1106.12
	Direct Taxes Paid		(98.50)		(28.00)
	Net Cash from Operating Activities ------ A		**(1636.43)**		**1078.12**
B	**Cash Flow from Investing Activities**				
	Additions to Fixed Assets (Net of trade credit)	(302.77)		(500.90)	
	Sale of Fixed Assets	4.75		7.21	
	Purchase of Investments -Joint Ventures and Subsidiary	(11.33)		(5.00)	
	Inter Corporate Advances / Deposits	(19.50)		(6.00)	
	Interest Received	17.76		8.75	
	Dividend Received	0.32		0.27	
	Government Grants Received	0.49	(310.28)	-	(495.67)
	Net Cash from Investing Activities ----- B		**(310.28)**		**(495.67)**
C	Cash Flow from Financing Activities				
	Net Proceeds /Repayment of Working capital facilities and short term loans	1956.88		(626.45)	
	Proceeds from Term loans	267.00		296.22	
	Repayments of Term loans	(87.19)		(123.14)	
	Interest paid	(151.89)		(61.16)	
	Dividend paid (including Dividend Distribution tax)	(39.74)		(72.99)	
			1945.06		(587.52)
	Net Cash from Financing Activities ----- C		**1945.06**		**(587.52)**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
Net Increase/Decrease(-) in Cash and Cash Equivalent (A+B+C)	(1.65)	(5.07)
Cash and Cash Equivalents as at 1st April (Opening Balance)	5.24	10.31
Cash and Cash Equivalents as at 31st March (Closing Balance)	3.59	5.24
Components of Cash and Cash Equivalents		
Cash on hand	0.01	0.01
Balance With Scheduled Banks in Current and Cash Credit Accounts	3.58	5.23
	3.59	**5.24**

Note :

1. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7 on Cash Flow Statement and presents cash flows by operating, investing and financing activities.

2. Figures in the Bracket are outflows / deductions.

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

4. The cash credit facilities availed from bank are part of financing activity which do not form part of cash and cash equivalents for Cash Flow Statement purpose.

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

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

(Umesh Dongre)
Director (Finance)
DIN : 08039073

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

Dated : 7th May, 2019
Place: Mumbai

As per our report of even date attached

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

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

For Chhajed & Doshi
Chartered Accountants
Firm Regn. No. 101794W

(Nitesh Jain)
Partner
Membership No: 136169

Dated : 7th May, 2019
Place: Mumbai

A. Statement of Significant Accounting Policies forming Part of Consolidated Financial Statement for the year ended 31st March 2019

I) Corporate information

The Company is a public company domiciled in India and is incorporated under provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is located at Priyadarshini, Eastern Express Highway, Sion Mumbai 400022.

The Company is engaged in the manufacturing and marketing of fertilizers and industrial chemicals.

II) Basis of preparation and consolidation

a. The consolidated financial statements of the Company and its joint controlled entities have been prepared in accordance with accounting standards prescribed under Section 133 of the Companies Act 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards)(Amendment) Rules, 2016 and other relevant provisions of the Act.

b. The consolidated financial statements have been prepared under the historical cost and on accrual basis, except for the following:-

- Certain financial assets and liabilities (including Derivative financial instruments) measured at fair value
- Certain provisions recognized using actuarial valuation techniques
- Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.
- Transferable development Rights received upon surrender of rights on open land which are measured at fair value.

c. The consolidated financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crores (₹ 00,00,000), except when otherwise indicated.

d. The consolidated financial statements relate to the Company [Rashtriya Chemicals & Fertilizers Ltd.] and Jointly Controlled Entities, viz. [FACT-RCF Building Products Ltd. (FRBL), Urvarak Videsh Ltd. (UVL) and Talcher Fertilizers Limited.(TFL)].

Accounting Convention:

The accounting policies have been consistently applied by the Company and its Jointly Controlled Entities and are consistent with those used to prepare the opening balance sheet as at the transition date.

The financial statements of the Jointly Controlled Entities used in the consolidation are drawn up to the same reporting date as of the Company i.e. for the year ended 31st March 2019.

Principles of Consolidation:

The financial statements of Jointly Controlled Entities are combined by applying equity method in accordance with IND AS 28 -"Investment in Associates and Joint Ventures".

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Financial Statements. Differences in accounting policies followed by joint venture entity consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not material.

The following Jointly Controlled Entities are considered in the consolidated financial statements:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as on 31.03.2019	Date of the entity becoming Joint Venture
FACT –RCF Building Products Ltd.	India	50%	02-May-2008
Urvarak Videsh Limited	India	33.33%	18-July-2008
Talcher Fertilizers Limited	India	33.33%	13-Nov-2015

e. **Significant accounting judgements, estimates and assumptions**

1.1 The preparation of the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities as at the Balance Sheet date.

1.2 Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Any revisions to the accounting estimates are recognized prospectively when revised, in current and future periods.

Some of the significant judgements and assumptions exercised are given as under:-

1.2.1 **Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed separately.

1.2.2 **Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

1.2.3 **Defined benefit plans**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the management considers the interest rates of government bonds in India.

The mortality rate is based on publicly available mortality tables as defined by LIC. Future salary increases is based on Company's assessment based on past trends.

1.2.4 **Subsidy Income**

As per extant policies covering subsidy of Urea, major inputs like cost of energy, water etc. are a pass through in the same. Since the notified rates of subsidy of urea incorporating actual revision takes time, recognition of subsidy is generally made on the basis of in principle recognition/approval /settlement of claims from Government of India/Fertilizer Industry Co-ordination Committee while finalising the financial statements.

1.2.5 **Provision for obsolescence**

Provision towards obsolete/surplus inventory are recognized as per management estimates under the assumption that they may fetch 5% of their book value upon disposal.

1.2.6 **Fair value measurements of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in assumptions could affect the reported value of fair value of financial instruments.

1.2.7 **Application of Discount rates**

Estimates of rates of discounting are done for measurement of fair values of certain financial assets and liabilities, which are based on prevalent bank interest rates and the same are subject to change.

1.2.8 **Estimates of Useful lives of assets/ components**

Company has identified significant components of plant and machinery and provides for depreciation over their useful lives as per its technical assessment.

1.2.9 **Operating Lease**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement, is or contains a lease is fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly not specified in an arrangement.

For arrangements entered into prior 1st April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Lease arrangements in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

III) Significant accounting policies

A) Current versus non-current classification

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

An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

The classification of an asset either current or non-current has been made applying the criteria of realization of such assets within a period of 12 months after the reporting date.

Where assets have been fully provided for as doubtful, the same are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period , or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

B) Foreign currencies

The consolidated financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency.

a. **Transactions and Balances**

Foreign Currency transactions are accounted at the rates prevailing on the date of transaction. Year-end monetary assets and liabilities are translated at the exchange rate prevailing on the date of the Balance sheet.

Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit and loss for the period in which they arise, except for the following:-

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use (i.e. Capital Work in progress), are included in the cost of those assets when they are regarded as an adjustment on account of interest costs on those foreign currency borrowings.
- Non-monetary items that are measured in terms of historical cost in foreign currencies are reported using the exchange rates at the date of the transaction.

b. **Exemption availed under Ind AS 101:-**

Under Indian GAAP, Company had opted to capitalize exchange differences arising on translation of long term foreign currency monetary items in accordance with Para 46A of AS 11.

In accordance with Para D13AA of Ind AS 101, Company has continued with the policy of adjusting exchange differences arising on translation of long-term foreign currency monetary items outstanding as on 31st March 2016, related to acquisition of fixed assets, to the cost of the asset and depreciate the same over the remaining useful life of such asset. For this purpose, the Company treats a foreign currency monetary items as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its obligation.

C) Fair value measurement

The Company measures financial instruments, such as, derivatives, investments in equity instruments, etc. at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between the levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties, unquoted financial assets etc. Involvement of independent external valuers is decided upon annually by the Company. Further such valuation is done annually at the end of the financial year and the impact if any on account of such fair valuation is taken in the annual financial statements.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

D) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is recognized upon transfer of control of promised products and services to customers in an amount that reflects the consideration expected to be received in exchange for those products or services.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. Amounts disclosed as revenue are inclusive of excise duty and net of returns, rebates, Value added taxes and amounts collected on behalf of third parties.

Volume discounts, pricing incentives and other variable rebates are reduced from revenue. In respect of quantity rebates the Company recognizes the liability based on the estimate of the customer future purchases. Any change in the estimated amount of obligation of discount is accounted in the period in which the change occurs.

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

Subsidy and Other Operating revenue

Recognition of Subsidy is generally made on the basis of in principle recognition/ approval/ settlement of claims from Government of India /Fertilizer Industry Co-ordination Committee.

Concessions in respect of Urea as notified under the New Pricing Scheme is recognized with adjustments for escalation/de-escalation in the prices of inputs and other adjustments as estimated by the management in accordance with the known policy parameters in this regard as notified by Government of India.

Subsidy on P&K fertilizers is recognized based on Concession rates as notified by the Government of India under Nutrient Based Subsidy Scheme from time to time.

Subsidy on imported Urea is recognized based on lump sum compensation, and other charges receivable from the Government of India, as per terms of agreement.

Uniform freight subsidy on Urea, P&K fertilizers and Imported Urea has been accounted in accordance with the parameters and notified rates.

Subsidy income is recorded based on the quantity sold during the financial year.

Remaining Other Operating revenue/other income are recognized on accrual basis.

Interest income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability.

For interest due from customers, vendor's etc. interest income is recognized when no significant uncertainty as to its realization exists and is accounted on time proportion basis at contracted rates.

Dividend

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental income

Rental income arising from operating leases is accounted on accrual basis in accordance with the terms of the contract since such charges are structured to increase in line with expected general inflation to compensate for expected inflationary cost.

Commission Income

For certain arrangements, Company acts as an agent. The role of the Company either as an agent or a principal is determined based on evaluation of its role as a primary obligor, has the pricing latitude in the said arrangements, its exposure to inventory risks and credit risks, on case to case basis.

Government grants

Government grants are recognized in statement of profit and loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate and are presented within Other income.

Government grants relating to purchase of property, plant and equipment are credited to Statement of profit and loss on a Straight-line basis over the expected lives of the related assets.

Others

Insurance and other miscellaneous claims are recognized on receipt/acceptance of claim.

Income from sale of Certified Emissions Reductions (CER's)/Voluntary Emissions Reductions (VER's) is recognized on delivery and confirmation of the same by the concerned authorities.

E) Taxation

Income tax expense for a financial year represents the sum of tax currently payable, adjustments for tax provisions of previous years and deferred tax.

a. Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax items are recognized in correlation to the underlying transaction either in Other Comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of a asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting period.

c. **Current Tax and Deferred Tax**

Current and Deferred tax are recognized in Statement of Profit and loss, except when they relate to items that are recognized in Other Comprehensive Income (OCI) or directly in equity, in which case , the current and deferred tax are also recognized in OCI or directly in equity respectively.

d. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate taxable entity and the same taxation authority.

e. Minimum Alternate Tax(MAT) paid in a year is charged to the Statement of Profit and Loss as Current Tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit, in accordance with the Guidance Note on Accounting for credit available in respect of Minimum Alternate Tax under Income Tax Act 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as “MAT credit Entitlement” and grouped under Deferred Tax. The Company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

F) Property, plant and equipment

All items of property, plant and equipment, including freehold land are initially recorded at cost, net of recoverable taxes and discounts.

The cost includes the cost of replacing part of the property, plant and equipment meeting the recognition criteria and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment upto the date of commissioning of the assets.

Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Spares costing (Unit value of ₹10 lacs and above), and other components which are required to be replaced at intervals, meeting the recognition criteria have been classified as Plant and equipment and are depreciated separately based on their specific useful lives.

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in Statement of Profit and loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Catalysts which are used in commissioning of new projects/plants are capitalized and are amortized based on the estimated useful life as technically assessed. Subsequent issues of catalysts, if any, are treated as inventory.

Projects under which assets are not ready for their intended use are shown as Capital work in progress.

Freehold / Leasehold improvements are considered as property plant and equipment.

Exemption availed under Ind AS 101:- On transition to Ind AS, Company has elected to continue with the carrying value of all its property plant and equipment existing as at 1st April 2015, measured as per previous GAAP (Indian GAAP) and used that carrying value as the deemed cost of the property plant and equipment.

a. **Depreciation**

Depreciation is calculated on a Straight-line basis over the estimated useful lives of the assets on the depreciable amount when such assets are ready for their intended use.

Freehold land has an unlimited useful life and therefore is not depreciated.

Company has identified significant components of plant and machinery and provides for depreciation over their useful lives as per technical assessment, as per Para 4 of Schedule II to Companies Act, 2013. Depreciation on other Tangible assets is provided for as per useful lives prescribed in Schedule II to Companies Act, 2013, except for mobile telephones classified under office equipment's which are depreciated over a period of 3 years.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. A maximum residual value of 5% is considered for all assets, except in case of roads, wells and fences, office equipment's and end user computing devices like desk tops, laptops etc. where it is considered as NIL.

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

After recognition of impairment loss, the revised carrying amount less residual value of the impaired asset would be depreciated on systematic basis over the remaining useful life of the asset. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

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

The residual values, useful lives and method of depreciation of property plant and equipment are reviewed at each financial year and adjusted prospectively, if any.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit and loss in the year the asset is de-recognized.

Assets under construction/Capital Work in Progress included under Property, Plant and equipment are not depreciated as these assets are not yet available for use. However they are tested for impairment if any.

G) Investment Properties

Investment properties are properties that are held to earn rentals and /or for capital appreciation (including property under construction for such purposes) and not occupied by the Company for its own use.

Investment properties are measured initially at cost, including transaction costs and net of recoverable taxes. The cost includes the cost of replacing parts and borrowing costs if recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on Investment property, wherever applicable, is provided on straight line basis as per useful lives prescribed in Schedule II to Companies Act 2013.

Investment properties are derecognised either when they have been disposed off or when they are being occupied by the Company for its own use or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Exemption availed under Ind AS 101:-On transition to Ind AS, the Company has elected to continue with the carrying value of its Investment Property existing as at 1st April 2015, measured as per previous GAAP (Indian GAAP) and used that carrying value as the deemed cost of the same.

H) Intangible assets

a. Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost, net of recoverable taxes. The cost of intangible assets comprises its purchase price, and any cost directly attributable to bringing the asset to its working condition for the intended use. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Exemption availed under Ind AS 101:-For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets existing as on 1st April 2015 measured as per the previous GAAP (Indian GAAP) and use that value as its deemed cost as of the transition date.

The Company has no intangible assets with infinite useful lives.

b. Amortization

Intangible assets (i.e. software applications) having finite useful lives are amortized over their respective individual estimated useful lives on a STRAIGHT-LINE BASIS, pro-rata from the date the asset is available to the Company for its use. Management estimates the useful life of software applications identified as intangible assets as three years. Any expenses incurred on intangible assets with finite useful lives up to ₹ 1 lakh in each case are being charged off in the year of incurrence.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

I) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from assets or group of assets (cash-generating units). If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

Company bases its impairment calculation on detailed budgets and forecasts which are prepared for each of its CGU separately.

For all the assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the CGU does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the CGU's in prior years. Such reversal is recognized in the Statement of Profit and Loss.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the Statement of profit and loss.

J) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are accumulated and capitalized upto the date when such assets are ready for their intended use or sale, as part of the cost of the asset.

All other borrowing costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

General Borrowings cost incurred in connection with qualifying assets are capitalized by applying the Capitalization rate on the quantum of such borrowings utilized for such assets.

K) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the contract lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

a. Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating lease payments are recognized as an expense in the Statement of profit and loss as per lease terms as such payments are structured to increase in line with expected general inflation.

b. Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised as revenues as per lease terms since such rentals are structured to increase in line with expected general inflation. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

L) Inventories

a. Assessment of Inventory

Raw Materials, Intermediary Products, By-Products and Finished Products inside factory premises, in bulk form, are assessed by survey method on a date as close as possible to the Balance Sheet date and the shortages /excesses in the quantities as compared to book stocks are adjusted in the books. Finished goods and other inventory stored outside the factory premises are taken as per warehousing certificates and third party confirmation respectively.

b. Mode of Valuation

Inventory is valued at lower of cost and net realizable value except in case of by-products, which are valued at, net realizable value.

Gases and slurries, if any, in pipelines at different stages of process are not valued as the same is not practicable.

Certified Emission Reductions (Carbon credits) is valued at lower of cost and net realizable value.

c. Basis of Cost

The cost of manufactured finished goods, bought out products and intermediary products are arrived at based on weighted average cost. Bifurcation of cost of joint products is made on technical estimates.

Cost of raw materials, petroleum products, packing materials, stores and spares, and loose tools is determined on weighted average cost basis.

Provision is made in respect of raw materials, packing materials, stores and spares and petroleum products, wherever appropriate, based on technical estimates, to reflect the impact of obsolescence, damage or other diminution in value.

d. **Measurement of Cost / Realizable Value**

Cost of Purchases

Cost of purchase includes duties, taxes (net of those recoverable) freight and other expenses net of trade discounts, rebates and price adjustments.

Cost of Manufactured goods

Cost of Manufactured Goods comprises of direct cost, variable production overheads and fixed production overheads on absorption costing method. Catalysts issued are charged off over their estimated useful lives as technically assessed. Variable production overheads are allocated based on actual production. Variable overheads related to movement of finished products are allocated based on actual dispatches. Fixed overheads are allocated based on higher of the actual production level or normal production level. Average handling and transportation costs incurred to bring the material in its present location and condition is included in valuing stocks in field warehouses and in transit.

Cost of Traded Fertilizers

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

Net Realizable Value

Price of urea is administered by the Government of India by which selling price is fixed for the buyer. The net realizable value for manufactured urea is taken at the applicable price concession (selling price net of dealers' margin plus the applicable subsidy from Government of India) net of variable selling and distribution cost. Net realizable value of off-spec urea is taken at 40% of MRP excluding subsidy.

The net realizable value of phosphatic and potassic fertilizers is taken at the applicable selling prices expected to be realized, net of dealers' margin and variable selling and distribution costs plus the concession as fixed/to be fixed by Government. Net realizable value of off-spec phosphatic and potassic fertilizers is taken at selling price net of dealers' margin and estimated cost of re-processing including transportation cost to factory. The net realizable value of off-spec traded phosphatic and potassic out fertilizers is at 30% of MRP excluding subsidy.

The Net realizable value of imported Urea is the selling price net of dealers' margin and other entitled compensation as contracted with the Government net of variable selling and distribution cost.

The net realizable value of off-spec imported Urea is taken at 40% of MRP excluding subsidy.

Average freight incurred on despatches from silo/factory/ port to godown and other products handling costs is reduced for arriving at the net realizable value in respect of stocks of fertilizers in silo/factory/port.

The net realizable value of non-fertilizer products is taken at lowest selling prices net of variable selling and distribution costs , expected to be realized in future.

M) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When a provision is expected to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

Decommissioning liability

The Company records a provision for decommissioning costs towards its manufacturing facilities wherever applicable. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate.

Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset

N) Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises where a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized but are disclosed where an inflow of economic benefits is probable. The estimation of financial effect in respect of contingent liabilities and contingent assets wherever not practicable, is not disclosed and such fact is accordingly stated.

O) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. **Financial assets**

Initial recognition and measurement

All financial assets are recognized initially at fair value. However in case of financial assets that are not recorded at fair value through profit or loss; the transaction costs that are directly attributable to the acquisition of issue of such financial assets are added to the value of the financial assets.

Subsequent measurement

Financial assets presently held by the Company

are classified as under:-

- Debt instruments at amortized cost
- Debt instruments and derivatives at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

b. **Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both of the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the statement of profit or loss. This category generally applies to trade and other receivables.

c. **Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit or loss.

d. **Equity investments**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may decide to classify the same as at FVTOCI. The Company makes such election on an instrument-by-instrument basis upon on initial recognition and same is irrevocable.

Upon classification of equity instruments as at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investments. The Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

e. **Derivative financial instruments**

The Company enters into a variety of derivative financial instruments to manage its exposure to interest and foreign exchange rate risks, like foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value on the date the derivative contracts are entered into and are subsequently re-measured to their fair value (Mark to Market) at the end of each reporting period. The resulting gain or loss is recognized in the Statement of profit and loss. Company does not designate any of its derivative instruments as hedge instruments. Derivatives are carried as financial assets when fair value is positive and as financial liabilities when the fair value is negative.

Transaction costs incurred for such derivative instruments are charged off to Statement of Profit and Loss on initial recognition.

f. **Derecognition**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

g. **Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

i. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii. Lease receivables

iii. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

iv. Financial guarantee contracts which are not measured as at FVTPL

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. All cash shortfalls) discounted at the original effective interest rate.

While estimating cash flows, Company considers all contractual terms of financial instrument over the expected life of the financial instrument including cash flows from the sale of collateral held that are integral to contractual terms.

The company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

Based on the same, it recognizes impairment allowance based on lifetime ECL at each reporting date, right from its initial recognition.

Further for the purpose of measuring lifetime ECL allowance for trade receivables the Company has used a practical expedient as permitted under Ind AS 109.This expected credit loss allowance is computed based on a provision matrix which takes in account historical credit loss experience with adjustments for collaterals available and forward looking information, if required.

ECL allowance is not recognized on Subsidy receivables since they are due from Government of India and also on other receivables which are largely due from Government agencies, as the Company does not perceive any risk of default which would be material.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost, trade receivables and lease receivables:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet.

The allowance reduces the net carrying amount, until the asset meets write-off criteria.

Trade receivables, other receivables, loans and advances are also fully provided for as doubtful upon review on case to case basis, to the extent of such loss considered as incurred.

h. **Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition as loans and borrowings, payables, derivatives and financial liabilities at fair value through profit or loss. The Company's financial liability consists of trade and other payables, loans and borrowings, bank overdrafts, financial guarantee contracts and derivative financial instruments.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs, if any.

Subsequent measurement

The subsequent measurement of financial liabilities of the Company depending on their classification is described below:-

Loans and borrowings including bank overdrafts

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

This category generally applies to interest-bearing loans and borrowings.

i. **Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder of the guarantee for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

P) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Q) Investments in associates and Joint ventures

The results and assets and liabilities of associates or joint ventures are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IND AS 105.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Company's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Company's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Company's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Company's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

R) Non – current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Transferable development Rights having commercial substance, received upon surrender of rights on open land is initially measured at fair value. Their subsequent measurement would be at lower of their carrying amount and fair value less costs to sell, since they are expected to be disposed.

S) Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in statement of profit and loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate and are presented within Other income.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

Government grants relating to purchase of property, plant and equipment are included in Other non-current liabilities and are credited to profit or loss on a Straight-line basis over the expected lives of the related assets.

In the event of such property, plant and equipment being disposed off before completion of its estimated useful life, the outstanding amount of such capital grant is fully credited to profit or loss in the year of its disposal.

T) Employee benefits

a. Short Term Employee Benefits:

All employee benefits payable within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

b. Retirement benefit costs and termination benefits and other long term employee benefits

Defined Contribution Schemes

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Company's defined Contribution made to its Super-annuation scheme is charged off to Statement of Profit and Loss on accrual basis.

Defined Benefit Plans

Provident Fund

Contribution to Provident Fund is accounted for on accrual basis. The Provident Fund contributions are made to a Trust administered by the Company by both the employer as well as employee. The Trust invests in specific designated instruments as permitted by Indian Law. The interest rate payable to the members of the Trust is being administered by the Government. The Company has an obligation to make good the shortfall, if any between the return from the investments of the Trust and the notified interest rate. Such shortfall on account of interest is recognized in the Statement of Profit and Loss.

Gratuity and Post-retirement medical benefits

For Defined Benefit plans comprising of gratuity, post-retirement medical benefits the cost of providing benefits is determined using the Projected Unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expenses or income; and
- re-measurements

The Company presents the first two components of defined benefit costs in the Statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The cost of the defined benefit gratuity plan and other Post employment medical benefits and the present value of gratuity obligation are determined using actuarial valuation techniques.

Termination Benefits

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Other Long term benefits

Liabilities recognized in respect of other long term benefits like leave encashment and long term service awards are measured at the present value of the estimated future cash outflows to be made by the Company (based on actuarial valuation)in respect of services provided by employees upto the reporting date.

U) Segment Reporting

The Company has recognized the following operating segments, viz Fertilizers, Industrial Chemicals and Trading, the business activities it is primarily engaged into. The same has been done based on the review of the operating results, internal reporting, review of performance, decision making relating to future allocation of resources, policy parameters influencing business etc. carried out by its Chief Operating Decision Maker i.e. Executive Management Committee/Board of Directors.

V) Prepaid Expenses

Individual expense up to ₹1,00,000 is not considered

in classifying prepaid expenses.

W) Research and Developments expenses

Revenue expenditure on Research activity is recognized separately and charged to Statement of Profit and Loss. Expenditure on development activities is capitalized when its future economic benefits can reasonably be regarded as assured.

X) Earnings per Share (EPS)

Basic earnings per share is calculated by dividing net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Upon discontinuation of an operation, the basic and diluted amount per share for the discontinued operation is separately reported, as applicable.

Y) Cash Dividend

The Company recognizes a liability to make cash distributions to shareholders when the distribution is authorized and the same is no longer at the discretion of the Company. As per corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

IV) Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions.

Company has elected to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition measured as per Indian GAAP and use that as its deemed cost as at date of transition. The same is applicable even for Investment property and intangible assets.

Company has also reviewed the necessary adjustments required to be done in accordance with paragraph D21 this standard (i.e. adjustments arising on account of decommissioning or restoration liabilities) and has accordingly considered the impact of the same wherever applicable.

The Company has designated unquoted equity instruments held at 1 April 2015 as fair value through OCI.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 1 PROPERTY, PLANT AND EQUIPMENT

Sr. No.	Description	DEEMED COST / COST				DEPRECIATION				IMPAIRMENT LOSS			NET BOOK VALUE	
		AS.AT 01.04.2018	Of Additions/ Adjustments *	Of Deductions/ Adjustments	AS.AT 31.03.2019	UPTO 01.04.2018	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2019	UPTO 01.04.2018	Provided during the year	UPTO 31.03.2019	AS.AT 31.03.2019	AS.AT 31.03.2018
a.	Land (Freehold)	10.76	-	0.02	10.74	-	-	-	-	-	-	-	10.74	10.76
b.	Buildings	134.93	29.73	1.53	163.13	16.68	8.92	0.18	25.42	0.71	-	0.71	137.00	117.54
c.	Plant & Machinery	2019.49	142.98	1.05	2161.42	339.47	127.49	(0.02)	466.98	7.40	-	7.40	1687.04	1672.62
d.	Furniture & Fixtures	10.73	0.93	0.03	11.63	4.14	1.42	0.01	5.55	-	-	-	6.08	6.59
e.	Vehicles	3.41	0.14	0.19	3.36	1.70	0.41	0.13	1.98	-	-	-	1.38	1.71
f.	Office Equipments	18.11	7.18	0.18	25.11	11.00	3.62	0.04	14.58	-	-	-	10.53	7.11
g.	Others													
i)	Roads & Culverts	9.89	2.29	-	12.18	3.85	1.53	0.01	5.37	-	-	-	6.81	6.04
ii)	Railway sidings	14.83	0.46	-	15.29	4.08	1.04	-	5.12	-	-	-	10.17	10.75
iii)	Water System, Sewerage & Drainage	19.57	0.63	-	20.20	2.99	1.28	-	4.27	-	-	-	15.93	16.58
iv)	Miscellaneous Equipments	75.36	12.31	0.06	87.61	21.57	9.02	0.01	30.58	-	-	-	57.03	53.79
	TOTAL	**2317.08**	**196.65**	**3.06**	**2510.67**	**405.48**	**154.73**	**0.36**	**559.85**	**8.11**	**-**	**8.11**	**1942.71**	**1903.49**
	Previous Year Figures	1818.43	504.70	6.05	2317.08	271.00	135.38	0.90	405.48	9.19	(1.08)	8.11	1903.49	1538.24

1.1

₹ Crore

* Additions/Adjusments in PPE include the following	Item of Asset	AS AT 31.03.2019	AS AT 31.03.2018
Exchange Differences	Plant & Machinery	3.37	0.07
Borrowing Costs		-	7.66
TOTAL		**3.37**	**7.73**

1.2 Land at Thal included in Gross Block (at cost) at ₹ 4.43 Crore (area measuring 50,52,476 Sq. Mtr.) is subject to final revision in price.

1.3 Assets offered as security for loans have been provided in Note No 18

1.4

₹ Crore

	AS AT 31.03.2019	AS AT 31.03.2018
Capital work in progress	275.69	152.36

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 2 NON-CURRENT ASSETS - INVESTMENT PROPERTY

Description	DEEMED COST / COST				DEPRECIATION				IMPAIRMENT LOSS			NET BOOK VALUE	
	AS.AT 01.04.2018	Of Additions/ Adjustments	Of Deductions/ Adjustments	AS.AT 31.03.2019	UPTO 01.04.2018	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2019	UPTO 01.04.2018	Provided during the year	UPTO 31.03.2019	AS.AT 31.03.2019	AS.AT 31.03.2018
Land (Freehold)	0.01	-	-	0.01	-	-	-	-	-	-	-	0.01	0.01
Buildings	5.52	1.52	-	7.04	0.43	0.16	(0.17)	0.76	-	-	-	6.28	5.09
TOTAL	**5.53**	**1.52**	**-**	**7.05**	**0.43**	**0.16**	**(0.17)**	**0.76**	**-**	**-**	**-**	**6.29**	**5.10**
Previous Year Figures	5.53	-	-	5.53	0.28	0.15	-	0.43	-	-	-	5.10	5.25

2.1 The Company's investment properties consist of commercial / residential properties located at Mumbai, Alibaug and Lucknow. The management has determined that the investment properties consist of two classes of assets – land and building.

2.2

₹ Crore

Information regarding income and expediture of Investment Property	AS AT 31.03.2019	AS AT 31.03.2018
Rental income derived from investment properties	28.98	24.23
Less: Direct operating expenses (including repairs and maintenance) generating rental income	1.10	0.99
Less: Direct operating expenses (including repairs and maintenance) that did not generate rental income	0.13	0.07
Profit arising from investment properties before depreciation and indirect expenses	**27.75**	**23.17**
Less: Depreciation	0.15	0.14
Profit arising from investment properties before indirect expenses	**27.60**	**23.03**

2.3 Company undertakes expenditure towards Maintenance for upkeep of its properties which also covers the portion relating to InvestmentProperty. The same being not material, no separate disclosure of contracts entered into for maintainance of investment property is given.

2.4 As at 31 March 2019, the fair values of the properties is ₹ 840.55 crore (₹691.14 crore as on 31.03.2018). These valuations are based on valuations performed by Ms Anmol Sekhri Consultant Pvt. Ltd, an accredited independent valuer and has worked out the value of the property based on the information and a study of the micro market in discussions with industry experts, local brokers and regional developers.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

2.5 **Fair value disclosures for investment properties is detailed below**

₹ Crore

Reconciliation of Fairvalue	AS AT 31.03.2019	AS AT 31.03.2018
LAND		
Opening balance	223.60	214.35
Fair Value	232.84	223.60
Fair value difference	9.24	9.25
Purchases / Transfers	-	-
Fair value difference	-	-
Closing balance	**232.84**	**223.60**
BUILDING		
Opening balance	467.54	438.75
Fair Value	606.19	467.54
Fair value difference	138.65	28.79
Purchases / Transfers	1.52	-
Fair value difference	-	-
Closing balance	**607.71**	**467.54**
TOTAL		
Opening balance	691.14	653.10
Fair Value	839.03	691.14
Fair value difference	147.89	38.04
Purchases / Transfers	1.52	-
Fair value difference	-	-
Closing balance	**840.55**	**691.14**

₹ Crore

NOTE No. 3 NON-CURRENT ASSETS - INTANGIBLE ASSETS

Description	DEEMED COST / COST				AMORTISATION				IMPAIRMENT LOSS			NET BOOK VALUE	
	AS.AT 01.04.2018	Of Additions/ Adjustments	Of Deductions/ Adjustments	AS.AT 31.03.2019	UPTO 01.04.2018	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2019	UPTO 01.04.2018	Provided during the year	UPTO 31.03.2019	AS.AT 31.03.2019	AS.AT 31.03.2018
Computer Software	11.77	0.72	-	12.49	10.36	1.14	-	11.50	-	-	-	0.99	1.41
TOTAL	**11.77**	**0.72**	**-**	**12.49**	**10.36**	**1.14**	**-**	**11.50**	**-**	**-**	**-**	**0.99**	**1.41**
Previous Year Figures	10.92	0.85	-	11.77	7.57	2.79	-	10.36	-	-	-	1.41	3.35

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 4 "NON-CURRENT ASSETS" "FINANCIAL ASSETS -INVESTMENTS"	AS AT 31.03.2019	AS AT 31.03.2018
Investments in Equity Instruments:		
(Unquoted Trade Investments (Fully paid up)		
a **Joint Ventures**		
i **Urvarak Videsh Ltd.**	0.03	0.03
(1,80,002 equity shares(P.Y.1,80,002) of ₹10 each)		
ii **Talcher Fertilizers Limited**	11.27	5.03
(Formerly known as Rashtriya Coal Gas Fertilizers Limited)		
(1,63,44,568 equity shares (P.Y. 50,15,000 equity shares) of ₹10 each)		
(Under lock in period for 5 year from date of commercial operation)		
	11.30	5.06
b **Others**		
Indian Potash Limited*	69.99	57.38
(6,73,200 equity shares (P.Y.3,36,600 equity shares) of ₹10 each)		
TOTAL	**81.29**	**62.44**

*Reconciliation of fair value measurement of the investment in unquoted equity shares of Indian Potash Limited (IPL)

	31.03.2019	**31.03.2018**
Opening balance	57.38	44.88
Total Gains and losses recognised in OCI	12.61	12.50
Closing Balance	**69.99**	**57.38**

₹ Crore

NOTE NO. 5 "NON-CURRENT ASSETS" "FINANCIAL ASSETS - TRADE RECEIVABLES"	AS AT 31.03.2019	AS AT 31.03.2018
Debtors		
Credit Impaired	1.87	0.93
Less: Provision for doubtful debts	(1.87)	(0.93)
TOTAL	**-**	**-**

₹ Crore

NOTE NO. 6 "NON-CURRENT ASSETS" "FINANCIAL ASSETS - LOANS"	AS AT 31.03.2019	AS AT 31.03.2018
i. **Secured Considered Good**		
Loans- Employees	0.27	0.41
ii. Unsecured Considered Good	-	-
iii. Significant Increase in Credit Risk	-	-
iv. Credit Impaired	-	-
TOTAL	**0.27**	**0.41**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 7	"NON-CURRENT ASSETS" "FINANCIAL ASSETS - OTHERS"	AS AT 31.03.2019	AS AT 31.03.2018
(i)	**Advances to Related Parties**		
	Considered Doubtful (Refer Note No 49.2)	36.50	17.00
	Less: Provision	(36.50)	(17.00)
		-	-
(ii)	Advance against Equity Pending allotment (Refer Note No 49.2)	2.36	2.36
	Less: Provision towards diminution in value	(2.36)	(2.36)
		-	-
(iii)	**Others**		
	Receivables towards Rent / Services provided		
	Unsecured - Considered Doubtful	5.84	0.52
	Less: Provision for doubtful Receivables	(5.84)	(0.52)
		-	-
	Finance Lease receivable*	-	0.34
	TOTAL	**-**	**0.34**

* Expected credit loss-NIL

₹ Crore

NOTE NO. 8	"NON-CURRENT ASSETS" "OTHER NON-CURRENT ASSET"	AS AT 31.03.2019	AS AT 31.03.2018
(i)	**Capital Advances**		
	Unsecured -Considered Good	55.48	34.14
(ii)	**Advances other than capital advances**		
a.	**Security Deposits**		
	Unsecured -Considered Good (Refer Note No 41.1.3)	19.12	17.99
	Considered Doubtful	0.27	0.31
	Less: Provision	(0.27)	(0.31)
		19.12	17.99
b.	**Loans (Material given on refundable basis) to Related Parties**		
	Considered Doubtful	1.37	1.37
	Less: Provision	(1.37)	(1.37)
		-	-
c.	**Other Advances**		
	Unsecured -Considered Good		
	i. VAT Receivable		
	Unsecured -Considered Good	107.58	190.19
	Unsecured -Considered Doubtful	1.30	1.30
	Less: Provision	(1.30)	(1.30)
		107.58	190.19
	ii. Considered Doubtful	1.62	4.57
	Less: Provision for doubtful advances	(1.62)	(4.57)
		-	-
	iii. Advance Income Tax (Net of Provision)	105.15	79.44
	iv. Deposits with Customs, Port Trust etc.		
	Unsecured -Considered Good	2.99	2.59
	Unsecured -Considered Doubtful	2.00	2.00
	Less: Provision	(2.00)	(2.00)
		2.99	2.59
	v. Prepaid expenses	1.06	1.35
	vi. Lease Premium Prepaid	2.48	2.62
	vii. Other Miscellaneous	3.17	0.24
		222.43	276.43
(iii)	**Others**		
	Employee Benefit Asset	0.23	0.29
	TOTAL	**297.26**	**328.85**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 9	"CURRENT ASSETS" "INVENTORIES"	AS AT 31.03.2019	AS AT 31.03.2018
i.	Raw materials	272.72	150.55
	Raw materials-in-transit	0.36	0.24
	Raw materials (Total)	273.08	150.79
ii.	Finished Goods	306.02	217.34
	Finished Goods-in-transit	81.70	61.62
	Finished Goods (Total)	387.72	278.96
iii.	Stock in Trade/Bought out Products	121.57	0.26
	Stock in Trade/Bought out Products-in-transit	375.96	-
	Stock in Trade/Bought out Products (Total)	497.53	0.26
iv.	Intermediary Products	35.41	33.58
v.	By products	4.43	7.02
vi.	Stores & Spares, packing materials and Petroleum products	308.23	295.66
	Less: Provision for Obsolescence etc./Loss under Investigation	(27.62)	(24.62)
		280.61	271.04
vii.	Certified Emission Reduction Credits	-	-
	(No. of Units C.Y. 9,73,738 , P.Y. 9,73,738)		
	TOTAL	**1478.78**	**741.65**
Inventory Includes:			
Stores and Spares			
a)	Under inspection	0.46	0.12
b)	Platinum & Rhodium stolen in earlier year and under investigation which is not available for verification	0.21	0.21
c)	With fabricators	8.32	16.90
Cost of Inventories Recognised as expense		3913.78	3022.62
Writedown of Inventories charge to P&L (difference between cost & NRV)		3.56	7.32
Reversal of writedowns		-	-

₹ Crore

NOTE NO. 10	"CURRENT ASSETS" "FINANCIAL ASSETS - TRADE RECEIVABLES"	AS AT 31.03.2019	AS AT 31.03.2018
Subsidy Receivable (Unsecured - considered good)*		4199.66	2568.13
Sundry Debtors			
	Secured - Considered good	112.55	87.14
	Unsecured - Considered good	239.45	206.17
	Significant Increase in Credit Risk	0.30	2.17
		352.30	295.48
Less : Provision for expected credit loss **		(1.77)	(3.20)
Total - Sundry Debtors		350.53	292.28
	TOTAL	**4550.19**	**2860.41**

* Includes an amount of ₹ 788.17 crore(P.Y. ₹ 82.83 crore) under special banking arrangement secured by way of specific subsidy claims to be settled by DoF/FICC)

** The company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes into account historical credit loss experience. The expected credit loss (ECL) allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting is as follows.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 10 "CURRENT ASSETS" "FINANCIAL ASSETS - TRADE RECEIVABLES"	AS AT 31.03.2019	AS AT 31.03.2018
ECL % - Ageing		
Not due	0.25	0.28
00 - 90 days	2.66	2.85
91 - 180 days	15.36	16.64
181 - 365 days	54.63	55.03
> 365 days (fully secured)	-	-
Age of Receivables (₹ Cr)		
Not due	339.69	275.49
00 - 90 days	9.60	14.65
91 - 180 days	2.00	1.73
181 - 365 days	0.64	3.15
> 365 days (fully secured)	0.37	0.46
	352.30	**295.48**
Movement in ECL allowance (₹Cr)		
Balance at Beginning of the year	3.20	3.19
Movement	(1.44)	0.01
Balance at End of the year	1.76	3.20

Out of the total Sundry Debtors, Debtors amounting to ₹ 114.87 Crore as on 31.03.2019 and ₹ 87.13 Crore as on 31.03.2018 are secured against collaterals in form of Deposits / Bank Guarantees received and held by the company

₹ Crore

NOTE NO. 11 "CURRENT ASSETS" "FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS"	AS AT 31.03.2019	AS AT 31.03.2018
Cash and Cash Equivalents		
i. Balances with Bank	3.58	5.23
ii.Cheques in hand *	-	-
iii. Cash on hand	0.01	0.01
TOTAL	**3.59**	**5.24**

The above cash and cash equivalent have not been pledged

(* CY NIL PY ₹ 25,328)

₹ Crore

NOTE NO. 12 "CURRENT ASSETS" "FINANCIAL ASSETS - OTHER BANK BALANCES"	AS AT 31.03.2019	AS AT 31.03.2018
i. Margin money deposit / Bond Money received from Employees	0.39	0.01
ii. In unpaid Dividend Account *	0.88	0.71
TOTAL	**1.27**	**0.72**

* Earmarked balances with banks / No amounts are due & payable to Investor Education & Protection Fund

₹ Crore

NOTE NO. 13 "CURRENT ASSETS" "FINANCIAL ASSETS - LOANS"	AS AT 31.03.2019	AS AT 31.03.2018
i. **Secured Considered Good**		
Loans- Employees	0.51	0.86
ii. **Unsecured Considered Good (Refer Note No 49.3)**		
Loan- Other CPSE	25.50	6.00
iii. Significant Increase in Credit Risk	-	-
iv. Credit Impaired	-	-
TOTAL	**26.01**	**6.86**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 14	"CURRENT ASSETS" "FINANCIAL ASSETS - OTHERS"	AS AT 31.03.2019	AS AT 31.03.2018
i.	Finance Lease receivable*	0.34	0.62
ii.	Advance to Related Party	0.05	0.03
iii.	Derivatives not designated as hedges (receivable)	0.14	2.33
iv.	Interest Accrued	0.16	0.15
v.	Receivables towards Rent / Services provided	45.54	78.08
	TOTAL	**46.23**	**81.21**

* Expected credit loss-NIL

₹ Crore

NOTE NO. 15	"CURRENT ASSETS" "OTHER CURRENT ASSETS"	AS AT 31.03.2019	AS AT 31.03.2018
i.	**Advances other than capital advances**		
	Security Deposits		
	Unsecured -Considered Good	0.22	0.95
ii.	**Other Advances**		
	Unsecured -Considered Good		
i.	Contractors	19.73	23.19
ii.	Employees	0.31	0.25
iii.	GST Receivable (Asset)	43.37	33.81
iv.	Prepaid expenses	9.00	5.38
v.	Lease Premium Prepaid	0.14	0.14
vi.	Others	-	0.01
Total Other Advances		72.55	62.78
iii.	**Non Current Assets held for Disposal ***	131.97	109.11
iv.	**Employee Benefit Asset**	0.13	0.26
	TOTAL	**204.87**	**173.10**

*Includes an amount of ₹ 131.49 crore (P. Y. ₹ 108.03 crore) being the value of Transferable Development Rights received / receivable in lieu of land parcels handed over to Mumbai Metropolitan Regional Development Authority(MMRDA) and MCGM, statutory bodies under Government of Maharashtra for the construction of public road, recognised at fair market value.

₹ Crore

NOTE NO. 16	"EQUITY" "EQUITY SHARE CAPITAL"	AS AT 31.03.2019	AS AT 31.03.2018
Authorised			
80,00,00,000 Equity Shares of ₹10/- each.		800.00	800.00
Issued, Subscribed and Paid Up			
55,16,88,100 Equity shares of ₹10/- each fully paid up.		551.69	551.69
	TOTAL	**551.69**	**551.69**

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

	31.03.2019		31.03.2018	
	No.	₹ Crore	No.	₹ Crore
EQUITY SHARES				
At the beginning of the year	551688100	551.69	551688100	551.69
Issued during the year	-	-	-	-
Outstanding at the end of the year	**551688100**	**551.69**	**551688100**	**551.69**

Terms/Rights Attached to Equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each share holder is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

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

	31.03.2019		31.03.2018	
	No.	% age of shareholding	No.	% age of shareholding
President of India	413769483	75.00%	413769483	75.00%

₹ Crore

NOTE NO. 17 "EQUITY" "OTHER EQUITY"	AS AT 31.03.2019	AS AT 31.03.2018
i. Other Reserves		
General Reserve		
Opening Balance	2340.72	2343.51
Add: Transferred (to) / from Retained Earnings	91.71	(2.79)
Closing Balance	2432.43	2340.72
Equity Instruments through Other Comprehensive Income Reserve		
Opening Balance	37.32	29.84
Add: Changes in accounting policy as per IND AS (Net of Tax)	-	-
Add: Other Comprehensive Income for the year (Net of Tax)	8.21	7.48
Closing Balance	45.53	37.32
ii. Retained Earnings		
Opening Balance / Adjustments	-	-
Profit for the year	134.08	78.82
Add: Remeasurement of Defined Benefit Plans (Net of Tax) - Actuarial Valuation	(2.46)	(8.57)
Less: Dividends paid (C.Y. ₹ 0.60 per share, P.Y. ₹ 1.10 per share)	(33.10)	(60.69)
Less: Dividend Distribution Tax	(6.81)	(12.35)
Less: Transfer (to) / from General Reserve	(91.71)	2.79
Closing Balance	-	-
TOTAL	**2477.96**	**2378.04**

For FY 2018-19, The board of directors have recommended a dividend of ₹ 0.77 per share (P.Y. ₹ 0.60 per share) which is subject to approval of the shareholders. Further the same is subject to dividend distribution tax at the applicable rate which works out to ₹ 8.73 crore (P.Y. ₹ 6.81 crore)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 18 "NON-CURRENT LIABILITIES" "FINANCIAL LIABILITIES - BORROWINGS"	AS AT 31.03.2019		AS AT 31.03.2018	
	Non Current	Current	Non Current	Current
SECURED				
Term Loan from Banks				
1. Rupee Loan from Banks				
a. **Kotak Mahindra Bank Limited**	176.47	58.82	94.12	5.88
A loan of ₹ 250 crore availed from Kotak Mahindra Bank is secured by first pari passu charge by way of hypothecation on movable fixed assets (machinery and equipments) of the Ammonia plant situated at Thal to the extent of 1.25 times of the amount borrowed from bank. The rate of interest is linked to 3 months MIBOR (reset after every 3 months) plus fixed margin of 1.11% per annum. Repayment of the said loan would fall due for ₹ 58.82 crore in F.Y. 2019-20, ₹ 58.82 crore in FY 2020-21, ₹ 58.82 crore in FY 2021-22, ₹ 58.83 crore in FY 2022-23.				
b. **Exim Bank**	89.47	27.53	0.00	0.00
A loan of ₹ 117 crore availed from EXIM Bank is secured by first pari passu charge by way of hypothecation on movable fixed assets (machinery and equipments) present and future of the Urea Plant situated at Thal to the extent of 1.25 times of the amount borrowed from bank. The rate of interest is linked to 1 year G-sec (reset after every 3 months) plus fixed margin of 1.20% per annum. Repayment of the said loan would fall due for ₹ 27.53 crore in F.Y. 2019-20, ₹ 27.53 crore in FY 2020-21, ₹27.53 crore in FY 2021-22, ₹27.53 crore in FY 2022-23 and ₹ 6.88 crore in F.Y 2023-24.				
	265.94	86.35	94.12	5.88
2. Foreign Currency Loan / External Commercial Borrowings				
a. **Kotak Mahindra Bank Limited**	-	20.72	19.48	25.99
A foreign currency Term loan of ₹ 100 crore equivalent to USD 15.99 Million availed by the Company from Kotak Mahindra Bank Limited, is secured by way of hypothecation on movable fixed assets (machinery and equipments) of the Ammonia V Plant situated at Trombay to the extent of 1.25 times of the loan amount. The rate of interest is 6 months USD LIBOR plus margin of 2.75% per annum. Repayment of the entire loan outstanding loan of ₹ 20.72 crore is due in FY 2019-2020.				
b. Yes Bank Limited	28.36	11.35	37.37	10.67
A foreign currency Term loan of ₹ 55 crore equivalent to USD 8.21 Million availed by the Company from Yes Bank Limited, is secured by way of hypothecation on movable fixed assets (machinery and equipments) of the Medium Pressure (MP) and High Pressure (HP) Nitric Acid Plant situated at Trombay to the extent of 1.25 times of the loan amount. The rate of interest is fixed at 3.70% per annum. Repayment of the said loan would fall due for ₹ 11.35 crore in FY 2019-20, ₹ 11.35 crore in FY 2020-2021, ₹ 11.35 crore in FY 2021-22, and ₹ 5.66 crore in FY 2022-23.				
c. State Bank of India	130.81	32.70	169.09	33.82
Term loan of EURO 25.50 Million availed by the Company from State Bank of India Antwerp branch, under RBI Loan Registration no. 201709145 is secured by way of hypothecation on movable fixed assets (machinery and equipments) of the GTG & HRSG project situated at Thal to the extent of 1.25 times of the loan amount. The rate of interest is 6 months EURIBOR plus margin of 1.05% per annum. Repayment of the said loan would fall due for ₹ 32.70 crore in FY 2019-2020, ₹ 32.70 crore in FY 2020-21, ₹ 32.70 crore in FY 2021-22 , ₹ 32.70 crore in FY 2022-23 and ₹ 32.71 crore in FY 2023-24.				
	159.17	64.77	225.94	70.48
Amount disclosed under the head "OTHER CURRENT LIABILITIES" (Refer Note No. 26)		(151.12)		(76.36)
TOTAL	**425.11**	**-**	**320.06**	**-**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 19	"NON-CURRENT LIABILITIES" "FINANCIAL LIABILITIES - TRADE PAYABLES"	AS AT 31.03.2019	AS AT 31.03.2018
Trade Payables			
(A) Outstanding dues of micro enterprises and small enterprises		-	-
(B) Outstanding dues of creditors other than micro enterprises and small enterprises		211.79	211.79
(Refer Note No. 47)			
	TOTAL	**211.79**	**211.79**

₹ Crore

NOTE NO. 20	"NON-CURRENT LIABILITIES" "FINANCIAL LIABILITIES - OTHERS"	AS AT 31.03.2019	AS AT 31.03.2018
i. Security Deposit from Vendors		43.71	34.70
ii. Deposit from Employees		0.01	0.01
	TOTAL	**43.72**	**34.71**

₹ Crore

NOTE NO. 21	"NON-CURRENT LIABILITIES" "PROVISIONS"	AS AT 31.03.2019	AS AT 31.03.2018
Provision for Employee Benefits			
i. Leave Salary Encashment		98.95	99.54
ii. Post Retirement Medical Benefits		71.64	62.14
iii. Gratuity		10.57	91.75
iv. Long Service Award		0.30	0.35
	TOTAL	**181.46**	**253.78**

₹ Crore

NOTE NO. 22	"NON-CURRENT LIABILITIES" "DEFERRED TAX LIABILITIES (NET)"	AS AT 31.03.2019	AS AT 31.03.2018
a. **Deferred Tax Liability:**			
i. Depreciation		392.57	356.93
ii. Fair value of Investments		24.29	19.89
iii. Revenue from TDR		8.39	-
iv. Other timing differences		1.01	0.77
	TOTAL	426.26	377.59
b. **Deferred Tax Asset:**			
i. Provision for doubtful debts/claims/advances		16.49	8.63
ii. Provision for obsolescence of stores		9.65	8.61
iii. Provision for diminution in value of investments		12.37	12.37
iv. Expenditure allowable on payment basis		93.16	113.26
v. Disallowances to be claimed in future on actual basis		-	10.09
vi. MAT Credit		8.14	0.00
vii. Other timing differences		6.12	4.86
	TOTAL	145.93	157.82
	Net Deferred Tax Liability	**280.33**	**219.77**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 23	"OTHER LIABILITIES"		AS AT 31.03.2019	AS AT 31.03.2018
I	**NON CURRENT**			
	Others			
	i. Advance rent Received	**23 A**	6.99	9.76
	ii. Government Grants	**23 B**	1.28	1.11
	iii. Deferred Deposit		30.01	15.51
	TOTAL OTHER NON CURRENT LIABILITIES (I)		**38.28**	**26.38**
II	**CURRENT**			
	(a) Revenue received in advance			
	Income received in advance from Customers		39.98	56.82
	(b) Other Advances			
	Retention money		12.50	12.50
	(c) Other Liabilities:			
	i. Advance Rent Received	**23 A**	2.55	2.58
	ii. Government Grants	**23 B**	0.32	0.30
	iii. Deferred Deposit		4.53	3.76
	iv. **Statutory Dues:**			
	a. Withholding taxes		12.69	3.50
	b. GST Payable		0.18	0.01
	v. Others		0.07	0.68
			20.34	10.83
	TOTAL OTHER CURRENT LIABILITIES (II)		**72.82**	**80.15**

₹ Crore

NOTE NO. 23A "ADVANCE RENT RECEIVED"	AS AT 31.03.2019	AS AT 31.03.2018
As at 1st April	12.34	14.32
Received / (Repaid) during the year	(0.46)	0.55
Released to the statement of profit and loss	2.34	2.53
As at 31st March	**9.54**	**12.34**
Current	2.55	2.58
Non-current	6.99	9.76

₹ Crore

NOTE NO. 23B "GOVERNMENT GRANTS"	AS AT 31.03.2019	AS AT 31.03.2018
As at 1st April	1.41	1.71
Received / (Repaid) during the year	0.49	-
Released to the statement of profit and loss	0.30	0.30
As at 31st March	**1.60**	**1.41**
Current	0.32	0.30
Non-current	1.28	1.11

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 24	"CURRENT LIABILITIES" "FINANCIAL LIABILITIES - BORROWINGS"	AS AT 31.03.2019	AS AT 31.03.2018
Loans Repayable on Demand			
I. Secured			
a. **From Banks***			
i. Cash Credit		18.54	3.98
ii. Working Capital Demand Loan		2398.17	82.83
(includes Rupee Loans amounting to ₹ 788.17 crore (P.Y. ₹ 82.83 crore) from Punjab National Bank under Special Banking Arrangement against the subsidy receivables on Urea and P&K Fertilizers from Govt of India. The Bank has charged interest at 8.20% per annum (including 7.72% pa paid by Govt of India directly to the Bank). Accordingly, ₹ 15.75 lakh @ 0.48 % p.a. (PY ₹ 1.77 lakh) has been charged as interest expense in the statement of Profit and Loss. This loan is secured by hypothecation of subsidy receivables upto ₹ 788.17 crore (PY ₹ 82.83 crore) from Govt. of India. This loan is repayable within 60 days.			
	TOTAL SECURED	2416.71	86.81
II. Unsecured:			
a. **From Banks**			
i. Foreign currency loans from banks-Buyers Credit **		118.76	511.78
ii. Rupee loans		-	136.00
		118.76	647.78
b. **Other Loans**			
Commercial Paper ***		350.00	200.00
	TOTAL UNSECURED	468.76	847.78
	TOTAL	**2885.47**	**934.59**

*Cash Credit and Working Capital Demand Loan from banks carrying interest in the range of 7.22% to 8.55% per annum are secured by hypothecation of entire Company's current assets including all stocks, book debts and other moveable assets, both present and future.

**Unsecured Foreign Currency Loans from Banks are in the form of Buyers Credit and carry interest in the range of 1.87% to 3.22% per annum. These loans are repayable within 180 days.

***Unsecured Commercial Papers carry interest in the range of 6.58% to 7.55% per annum. The outstanding commercial papers are repayable by June 2019.

₹ Crore

NOTE NO. 25	"CURRENT LIABILITIES" "FINANCIAL LIABILITIES - TRADE PAYABLES"	AS AT 31.03.2019	AS AT 31.03.2018
Trade Payables (including Acceptances)*			
(A) Outstanding dues of micro enterprises and small enterprises		24.67	15.14
(B) Outstanding dues of creditors other than micro enterprises and small enterprises		1130.42	687.97
	TOTAL	**1155.09**	**703.11**

Trade payables are normally non-interest bearing and are usually settled within 30-days from the date of receipt of invoice unless they are contracted with specific credit terms as applicable.

* Acceptances include arrangements where operational suppliers of goods and services are initially paid by banks while the Company continues to recognise the liability till settlement with the banks which are normally effected within a period of 180 days amounting to ₹ 66.96 crore (P.Y. NIL)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 26	"CURRENT LIABILITIES" "FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES"	AS AT 31.03.2019	AS AT 31.03.2018
i.	Current maturities of long term debt (Refer Note No. 18)	151.12	76.36
ii.	Interest accrued but not due on borrowings	7.44	3.48
iii.	Unclaimed dividend *	0.88	0.71
iv.	Creditors on Capital Account	51.10	10.32
v.	Standing Deposit from Customers	47.33	49.93
vi.	Trade Deposit from Customers	76.45	73.08
vii.	Earnest Money Deposit & Security Deposit from Vendors	56.11	68.37
viii.	Other Payables - Tie ups	5.43	4.86
ix.	Corporate Guarantees Given / One Time Settlement	-	19.50
x.	Ex-gratia & employee benefits	48.87	131.09
xi.	Derivatives not designated as Hedges (MTM loss payable)	5.16	-
	TOTAL	**449.89**	**437.70**

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

₹ Crore

NOTE NO. 27	"CURRENT LIABILITIES" "PROVISIONS"	AS AT 31.03.2019	AS AT 31.03.2018
Provision for Employee Benefits			
i. Leave Salary Encashment		111.32	106.32
ii. Post Retirement Medical Benefits		6.10	5.04
iii. Gratuity Payable		24.37	24.36
iv. Long Service Award		0.04	0.08
	TOTAL	**141.83**	**135.80**

₹ Crore

NOTE NO. 28	"CURRENT LIABILITIES" "CURRENT TAX LIABILITIES NET"	AS AT 31.03.2019	AS AT 31.03.2018
Provision for Taxation less Advance tax		-	36.02
	TOTAL	**-**	**36.02**

₹ Crore

NOTE NO. 29	"REVENUE FROM OPERATIONS"		Year Ended 31.03.2019	Year Ended 31.03.2018
1. Sales (Including Excise Duty for P.Y.)				
A.Manufactured Products		29A		
Fertilizers			2214.11	2112.92
Industrial Products			955.16	783.72
			3169.27	2896.64
B.Bought-out Products		29A		
Fertilizers			252.85	181.17
	Net Sales		3422.12	3077.81
2. Other Operating Revenues				
Subsidy on Urea & Complex Fertilizers		29B	5447.18	4180.92
Sale of Scrap			3.46	3.83
Management Fees -For Services rendered			9.65	17.27
Margin on Tie- ups			3.06	2.13
	TOTAL		5463.35	4204.15
Revenue from Operations			**8885.47**	**7281.96**

*Subsidy includes ₹ 48.13 crore (P.Y. (₹ 60.03) crore) in respect of earlier years, notified during the year

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 29A "SALES - PRODUCT WISE BREAK-UP"	Year Ended 31.03.2019	Year Ended 31.03.2018
1 **Manufactured**		
A. **Fertilizers**		
Suphala 15 : 15 : 15	943.82	757.60
Urea / Neem coated Urea	1235.89	1319.15
Others	34.40	36.17
	2214.11	2112.92
B. **Industrial Products**		
Ammonia	240.84	254.86
Methylamines	89.15	86.85
Ammonium Nitrate Melt	296.10	250.27
Others	329.07	191.74
	955.16	783.72
2 **Bought-out Products**		
Imported Di Ammonium Phosphate	122.90	160.13
Imported NPK 12:32:16	114.94	-
Others	15.01	21.04
	252.85	181.17
TOTAL	**3422.12**	**3077.81**

₹ Crore

NOTE NO. 29B "SUBSIDY ON UREA & COMPLEX FERTILIZERS"	Year Ended 31.03.2019	Year Ended 31.03.2018
1. **Manufactured Fertilizers**		
Price	4839.17	3623.59
Freight	487.95	467.05
	5327.12	4090.64
2. **Bought-out Fertilizers**		
Price	96.10	75.90
Freight	23.96	14.38
	120.06	90.28
TOTAL	**5447.18**	**4180.92**

₹ Crore

NOTE NO. 30 " OTHER INCOME"	Year Ended 31.03.2019	Year Ended 31.03.2018
1. **Interest Income**		
On Loans to Employees	0.13	0.20
On Deposits with Bank and Others	3.48	0.83
On Income Tax Refund	5.11	2.63
On Sales Tax Refund	4.74	0.75
From Customers	3.39	3.45
From Others	0.92	0.92
	17.77	8.78
2. **Dividend Income**	0.32	0.27
3. **Other Income**		
Profit on sale of fixed assets (Net)	2.83	2.18
Bad debts recovered	1.76	0.40
Rent received, recovery of electricity etc.	31.06	26.67
Lease compensation of railway siding	0.21	0.21
Government Grants (Refer Note No. 23B)	0.30	0.30
Amortisation of Deferred Deposits	4.79	(2.11)
Miscellaneous Income	20.64	24.55
	61.59	52.20
Less: Transfer to Research and Development Expenses (Refer Note No. 37C)	(0.01)	(0.01)
TOTAL	**79.67**	**61.24**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 31 "COST OF MATERIALS CONSUMED"		Year Ended 31.03.2019	Year Ended 31.03.2018
Raw Materials	31A	3767.90	2896.46
Packing Materials		112.11	99.43
TOTAL		**3880.01**	**2995.89**

₹ Crore

NOTE NO. 31A "ITEMWISE BREAKUP OF MATERIALS CONSUMED"	Year Ended 31.03.2019	Year Ended 31.03.2018
RAW MATERIALS		
Rock Phosphate	67.73	73.71
Mono-Ammonium Phosphate	337.10	213.19
Muriate of Potash	264.66	203.99
Natural Gas	3000.97	2301.89
Others	97.44	103.68
TOTAL	**3767.90**	**2896.46**

₹ Crore

NOTE NO. 32 "PURCHASES OF STOCK IN TRADE"	Year Ended 31.03.2019	Year Ended 31.03.2018
Imported Di Ammonium Phosphate	429.02	202.47
Imported Muriate of Potash	212.17	-
NPK 10:26:26	143.73	-
Others	13.23	11.19
TOTAL	**798.15**	**213.66**

₹ Crore

NOTE NO. 33 "CHANGES IN INVENTORIES OF FINISHED GOODS & STOCK IN TRADE"		Year Ended 31.03.2019	Year Ended 31.03.2018
Opening Stock			
Finished Goods	33A	278.96	304.49
Intermediary Products		33.57	23.84
By-Products		7.02	4.21
Stock in trade	33A	0.26	3.93
Sub-Total		319.81	336.47
Closing Stock			
Finished Goods	33B	387.72	278.96
Intermediary Products		35.41	33.57
By-Products		4.42	7.02
Stock in trade	33B	497.53	0.26
Sub-Total		925.08	319.81
Changes in Inventories		**(605.27)**	**16.66**
Differential Excise duty on stocks of Finished goods		-	(2.02)
TOTAL		**(605.27)**	**14.64**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 33A "OPENING STOCK - PRODUCT WISE BREAK-UP"	Year Ended 31.03.2019	Year Ended 31.03.2018
Finished Goods		
1. Manufactured		
A. Fertilizers		
Urea (Trombay)	32.50	50.94
Urea (Thal)	147.53	137.31
Complex Fertilizers	77.48	73.20
Others	19.92	40.07
B. Industrial Products		
Methanol	0.03	0.04
Concentrated Nitric Acid	0.10	0.73
Ammonium Bi-carbonate	0.21	0.06
Sodium Nitrate	0.25	-
Sodium Nitrite	0.36	-
Methylamines	0.38	0.40
Ammonium Nitrate Melt	0.02	0.02
Dimethyl Acetamide	0.03	1.44
Argon Gas / Liquid	0.06	0.22
Formic Acid	0.08	-
Others	0.01	0.06
	278.96	304.49
2. Bought-out Products		
Fertilizers		
Imported Di Ammonium Phosphate	0.05	0.23
Imported Muriate of Potash	-	0.83
Sulphate of Potash	0.11	2.27
Others	0.10	0.60
	0.26	3.93
TOTAL	**279.22**	**308.42**

₹ Crore

NOTE NO. 33B "CLOSING STOCK - PRODUCT WISE BREAK-UP"	Year Ended 31.03.2019	Year Ended 31.03.2018
Finished Goods		
1. Manufactured		
A. Fertilizers		
Urea (Trombay)	22.63	32.50
Urea (Thal)	172.13	147.53
Complex Fertilizers	170.14	77.48
Others	16.40	19.92
B. Industrial Products		
Methanol	1.44	0.03
Concentrated Nitric Acid	0.20	0.10
Ammonium Bi-carbonate	0.27	0.21
Sodium Nitrate	0.51	0.25
Sodium Nitrite	0.57	0.36
Methylamines	0.93	0.38
Ammonium Nitrate Melt	0.02	0.02
Dimethyl Acetamide	1.71	0.03
Argon Gas / Liquid	0.69	0.06
Formic Acid	0.07	0.08
Others	0.01	0.01
	387.72	278.96

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 33B "CLOSING STOCK - PRODUCT WISE BREAK-UP"	Year Ended 31.03.2019	Year Ended 31.03.2018
2. Bought-out Products		
Fertilizers		
Imported Di Ammonium Phosphate	276.90	0.05
Imported Muriate of Potash	212.17	-
Imported NPK 20:20:0	8.46	-
Sulphate of Potash	-	0.11
Others	-	0.10
	497.53	0.26
TOTAL	**885.25**	**279.22**

₹ Crore

NOTE NO. 34 "EMPLOYEE BENEFITS EXPENSE"	Year Ended 31.03.2019	Year Ended 31.03.2018
Salaries, Wages and Bonus	494.11	500.93
Contribution to Provident Fund and other funds	50.27	43.36
Contribution to Gratuity Fund	25.40	7.32
Workmen and Staff Welfare Expenses	51.68	53.60
	621.46	605.21
Less: Transferred to Research and Development (Refer Note No. 37C)	(2.31)	(2.04)
Share recoverable from Thal Ammonia Extension and Others	(27.74)	(29.42)
	(30.05)	(31.46)
TOTAL	**591.41**	**573.75**

₹ Crore

NOTE NO. 35 "FINANCE COSTS"	Year Ended 31.03.2019	Year Ended 31.03.2018
i. Interest		
a. Term Loans-From Banks*	34.24	5.31
b. Working capital from Banks	95.03	45.92
c. Other loans and deposits	11.34	7.40
ii. Interest on Deferred deposits	4.31	(2.69)
iii. Other Borrowing & Finance Costs	0.80	0.77
iv. Exchange differences regarded as an adjustment to borrowing costs; and	10.13	5.88
TOTAL	**155.85**	**62.59**

* Net of transfers to CWIP / Capitalisation P.Y. ₹ 7.66 crore

₹ Crore

NOTE NO. 36 "DEPRECIATION AND AMORTISATION EXPENSES / IMPAIRMENT"	Year Ended 31.03.2019	Year Ended 31.03.2018
i. Depreciation on Property Plant and Equipment	154.73	135.38
ii. Impairment reversal on Property Plant and Equipment	-	(1.08)
iii. Depreciation on Investment Property	0.16	0.15
iv. Amortisation on Intangible Assets	1.14	2.79
Total Depreciation / Amortisation Impairment provided during the year	156.03	137.24
Less : Under Research and Development (refer note 37 C)	(0.34)	(0.20)
As reported under Statement of Profit & Loss:	**155.69**	**137.04**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 37 " OTHER EXPENSES"		Year Ended 31.03.2019	Year Ended 31.03.2018
Stores and Spares		33.77	26.73
Power and fuel *		2694.99	2241.88
Water Charges		68.06	(1.97)
Repairs and Maintenance	37A	124.96	108.05
Freight and Handling Charges		687.05	651.91
Rent		9.83	9.53
Rates and Taxes		19.02	8.76
Insurance		10.08	14.78
Miscellaneous Expenses	37B	129.91	157.91
Less: Transferred to Research & Development Expenses (Refer Note No. 37C)		(0.18)	(0.29)
		3777.49	**3217.29**

* Net of transfers to CWIP / Capitalisation P.Y. ₹ 15.01 crore

₹ Crore

NOTE NO. 37A "REPAIRS AND MAINTENANCE"	Year Ended 31.03.2019	Year Ended 31.03.2018
Plant and Machinery	86.74	70.31
Buildings	19.75	19.84
Other Assets	18.58	17.98
	125.07	108.13
Less: Transferred to Research & Development Expenses (Refer Note No. 37C)	(0.11)	(0.08)
TOTAL	**124.96**	**108.05**

₹ Crore

NOTE NO. 37B "MISCELLANEOUS EXPENSES"		Year Ended 31.03.2019	Year Ended 31.03.2018
Security expenses-Factory and Others		43.54	39.94
Electricity Charges-Township and Offices		7.40	7.89
Advertisement		1.74	4.40
Bank Charges		1.01	1.66
Promotion and Publicity		5.68	6.86
Hire Charges for vehicles		4.69	4.97
Travelling expenses		3.58	4.55
Entertainment Expenses		0.03	0.06
Research and Development expenses	37C	3.20	2.94
Loss on Fixed Assets Sold /Discarded		0.94	0.12
Losses/ Damages and other amounts written off		-	1.80
Foreign exchange Loss/(Gain)		24.54	3.66
Corporate Social Responsibility expenses		3.88	7.79
Excise on sales		-	27.01
Provision for Doubtful Debts/ Claims/ Advances		24.58	17.01
Provision for obsolescence of stores		5.41	2.24
Bad debts written off		2.89	0.50
Provision of earlier years no longer required		(5.66)	(5.53)
Liabilities for expenses no longer required		(23.47)	(26.80)
Recovery of share of common expenses		(22.02)	(21.64)
Other expenses **		47.95	78.48
TOTAL		**129.91**	**157.91**

** Includes Directors' sitting fees C.Y. ₹ 16,50,000, P.Y. ₹ 12,70,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

NOTE NO. 37C "RESEARCH & DEVELOPMENT EXPENSES"	Year Ended 31.03.2019	Year Ended 31.03.2018
Salaries and Staff Welfare Expenses	2.31	2.04
Repairs and Maintenance	0.11	0.08
Depreciation	0.34	0.20
Direct Research Expenditure	0.27	0.34
Other Expenses	0.12	0.14
Handling charges	0.06	0.15
SUB TOTAL	3.21	2.95
Less: Transferred from Other Income	(0.01)	(0.01)
TOTAL	**3.20**	**2.94**

₹ Crore

NOTE NO. 38 "EXCEPTIONAL ITEMS"	Year Ended 31.03.2019	Year Ended 31.03.2018
Fair valuation (Gain) / Loss - Transferable Development Right	(23.44)	(107.94)
Past Service Cost (Gratuity)	-	108.06
(Refer Note No. 55) **TOTAL**	**(23.44)**	**0.12**

₹ Crore

NOTE NO. 39 "OTHER COMPREHENSIVE INCOME"	Year Ended 31.03.2019	Year Ended 31.03.2018
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(3.79)	(13.11)
Fair Value Equity instruments (IPL Shares)	12.61	12.50
	8.82	(0.61)
Less: Income tax relating to above items	(3.07)	(0.48)
TOTAL	**5.75**	**(1.09)**

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

40. DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES AS PER IND AS 107

₹ Crore

Particulars	AS AT 31.03.2019	AS AT 31.03.2018
I) FINANCIAL ASSETS		
a. BREAKUP OF FINANCIAL ASSETS AT FAIR VALUE THORUGH OCI		
Investments - fully paid shares	69.99	57.38
TOTAL	**69.99**	**57.38**
b. BREAKUP OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT & LOSS		
Derivatives not designated as hedges	0.14	2.33
TOTAL	**0.14**	**2.33**
c. BREAKUP OF FINANCIAL ASSETS CARRIED AT AMORTISED COST		
Loans	26.28	7.27
Others Financial Assets	46.09	79.22
Trade Receivables	4550.19	2860.41
Cash and Cash Equivalents	3.59	5.24
Other Bank Balances	1.27	0.72
	4627.42	**2952.86**
d. BREAKUP OF FINANCIAL ASSETS CARRIED AT COST		
Investments - Joint ventures	11.30	5.06
TOTAL	**11.30**	**5.06**
TOTAL FINANCIAL ASSETS	**4708.85**	**3017.63**
II) FINANCIAL LIABILITIES		
a. BREAKUP OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS		
Derivative not designated as hedges	5.16	-
TOTAL	5.16	-
b. BREAKUP OF FINANCIAL LIABILITIES CARRIED AT AMORTISED COST		
Borrowings	3310.58	1254.65
Trade Payables	1366.88	914.90
Deposit from Employees	0.01	0.01
Corporate Guarantees Given / One Time Settlement Liability	-	19.50
Current maturities of long term debt	151.12	76.36
Interest accrued but not due on borrowings	7.44	3.48
Unclaimed dividend	0.88	0.71
Creditors on Capital Account	51.10	10.32
Standing Deposit from Customers	47.33	49.93
Trade Deposit from Customers	76.45	73.08
Earnest Money Deposit & Security Deposit from Vendors	99.82	103.07
Ex-gratia & employee benefits	48.87	131.09
Other Payables - Tie ups	5.43	4.86
TOTAL	5165.91	2641.96
TOTAL FINANCIAL LIABILITIES	**5171.07**	**2641.96**

The above referred carrying values of Financial Assets and Liabilities approximate its fair value as at the balance sheet date

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

41. Contingent Liabilities not provided for:

41.1 Claims against the Company not acknowledged as debts to the extent ascertainable (Interest cannot be estimated reliably) and not provided for net of payment/liability provided:-

₹ Crore

Sr. No.	Particulars	As at 31.03.2019	As at 31.03.2018
1	**Invoices/ debit notes and claims raised by GAIL(India) Ltd.**		
a	Increased gas transmission charges for ONGC pipeline. Stay order obtained from Mumbai High Court and directed to resolve through arbitration.	64.30	64.30
b	Levy of Market priced gas differential for use of APM/Domestic Gas for Non-fertilizer Non-Urea operations (Refer Note no. 47)	1231.05	1231.05
c	For non-submission for FICC certified gas utilization data	39.39	39.39
	Sub total	**1334.74**	**1334.74**
2	**Claims on the Company not acknowledged as debts by Contractors / Suppliers/ Arbitrators etc.**	**84.74**	**90.97**
3	**Demands raised by various authorities that may arise in respect of matters in appeal**		
	Excise Duty (D) (Refer note no 41.1.1)	28.38	28.38
	Excise Duty (S)	29.87	11.98
	Sales Tax	5.46	17.34
	Income Tax	18.95	21.42
	Service Tax (D)	31.25	30.44
	Service Tax (S)	7.36	7.98
	Custom Duty (D)	80.93	80.93
	Custom Duty (secured by Bank Guarantee))(Refer note no 41.1.2)	25.62	25.62
4	Water charges claimed by Municipal Corporation of Greater Mumbai (Refer note no 41.1.3)	36.86	36.32
5	Claims preferred by local authorities	8.37	55.26
	GRAND TOTAL	**1692.59**	**1741.39**

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

41.1.1 Includes an amount of ₹ 24.82 crore (P.Y. ₹ 24.82 crore) towards duty, interest and penalty relating to purchase of Naphtha at concessional rate of excise duty for the purposes other than mentioned in the exemption notification for the period November-1996 to October-2005. The demand for the period upto February-2005 for ₹ 21.28 crore (P.Y. ₹ 21.28 crore) has been appealed against by the Company and the matter is resting with the Honorable Supreme Court, which is yet to be heard. For the balance demand pertaining to subsequent period (i.e March 2005), amounting to ₹ 3.54 crore order has been stayed by CESTAT and appeal is yet to be heard. Pending hearing, no provision is considered necessary.

41.1.2 The demand of duty is secured by Bank Guarantees amounting to ₹ 29.07 crore and the Company has filed an appeal against the same before the bench of CESTAT, which is yet to be heard. Company has been advised by solicitors and advocates that the demand is not tenable and no provision is considered necessary.

41.1.3 Demand of ₹ 33.48 crore raised by Municipal Corporation of Greater Mumbai (BMC) towards additional sewerage charges levied from 5-4-1987 are disputed by the Company in a Writ Petition filed in Bombay High Court. The Honorable High Court vide its interim Order dated 10-11-92 has granted stay on recovery of the demand for the period up to the date of the Order and directed the Company to pay sewerage charges from the date of the order which is being paid by the Company. The matter has been disposed off by the High Court and the Company

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

approached Supreme Court. Supreme Court has now directed the Bombay High Court to hear the matter and decide on merits based on facts of the case. The Stay granted on the said matter continues.

As a part of an agreement entered into with BMC for obtaining raw sewerage, the Company has paid an interest free deposit of ₹ 16 crore to BMC (included in Note no.8) representing approximately 50% of the disputed demand which would be adjustable against the disputed demand in case the Court rules in favor of BMC. No provision is considered necessary for the disputed demand of ₹ 33.48 crore as the claim of BMC is not tenable.

41.1.4 In accordance with order dated 27th March 2018 issued by Sub Divisional Officer (SDO) Mumbai Suburban district, an additional demand was received towards Non Agriculture (NA) tax and 100% increase in land revenue (ILR) amounting to ₹ 46.91 crore in respect of land at Trombay unit. The demand was disputed by the Company. Upon further representation by the Company on the said matter, Tahsildar vide demand notice dated 04.01.2019 revised the claim to ₹ 22 crore. Considering the payment of ₹ 11.48 crore already made, Company was asked to further deposit the balance amount of ₹10.52 crore. Despite the matter being appealed against, an additional liability of ₹ 10.52 Crore has been recognized towards the same during the year, of which an amount of ₹ 4 crore has been paid. As per the said notice, Company may also be subjected to pay additional NA tax and ILR for any future revision in the same. Company has been advised by its solicitors to appeal against the said demand as the same is not tenable.

41.2 The amount of claims in respect of legal cases filed against the Company for labour matters relating to regular employees and not acknowledged as debts is not ascertainable.

41.3 In respect of clause 41.1 to 41.2 above, it is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flows, if any.

42. Capital Commitments (Net of Advances):

₹ Crore

Particulars	As at 31.03.2019	As at 31.03.2018
Capital Expenditure Commitments	659.43	873.35
Commitment Towards Investments	-	-

43. Formalities relating to transfer of certain immovable and other properties from Fertilizer Corporation of India Limited to the Company on reorganization of the former in 1978 are not yet completed. Out of property cards for a total area of 30,89,013 Sq. meters (P.Y. 30,89,013 Sq. meters), property cards for 3,78,321 Sq. meters (P.Y. 3,78,321 Sq. meters) are yet to be transferred in the name of the Company. The Company is in the process of transferring the title deeds.

44. Out of total area of 50,52,476 Sq. meters area at Thal Unit, the title deeds relating to area of 32,27,573 Sq. meters (P.Y. 32,27,543 Sq. meters) area are in the name of the Company. The balance title deeds w.r.t 18,24,903 Sq meter of land are in the process of being transferred in the name of Company. The capitalization of Freehold land at Thal Unit includes land at Kihim having carrying cost of ₹ 0.02 crore, pending execution of documents and transfer of title deeds in the name of Company, due to dispute.

45. Balance of subsidy receivables and tax refund from Government authorities are subject to confirmation. Some of the balances of trade Payables, current liabilities and loans and advances are subject to confirmation / reconciliation and consequential adjustments if any. In the opinion of the management, such adjustments would not be material.

46. The Company is eligible to receive subsidy from Fertilizer Industry Co-Ordination Committee (FICC) / Department of Fertilizers (DOF) on Urea, Phosphatic and Potassic (P & K) Fertilizers at the rates notified from time to time.

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

a. For the rates yet to be notified, due to escalations/de-escalations in the cost of inputs and other costs, subsidy has been accounted on estimated basis. The details of subsidy accounted on estimated basis for the year amounting to ₹ 423.49 crore(PY ₹578.73 crore)

b. The matter relating to the issue of unintended benefits accruing to units using domestic gas for manufacture of nutrient "N" has been referred and is pending before an Inter-Ministerial Committee (IMC) of Government of India (GoI). It is expected that a decision on the matter would be taken soon by the IMC. Pending such decision, initially subsidy amounting to ₹198.94 crore was withheld. As per DoF approval for release of this subsidy, upon submission of its claims along with bank guarantee for equivalent amount by the Company, an amount of ₹125.11 crore has been received upto 31st December, 2018. Accordingly no provision has been made in these accounts towards the balance amount of ₹73.83 crore withheld, as Company is of the view that no unintended benefits have accrued to owing to use of domestic gas.

47. Consequent to Consequent to Gas pooling Consequent to Gas pooling being made applicable to Fertilizer (Urea) sector w.e.f. June 1, 2015, it is expected that a differential pricing of gas may be made applicable for non-urea usage. Company has represented to DoF for maintaining supply of domestic gas for P&K fertilizers and chemicals. Ministry of Petroleum & Natural Gas (MoPNG) vide its order No. L-13013/3/2012-GP-I, dated: December 16, 2015 has directed GAIL (India) Limited to levy a higher gas price (i.e. the highest rate of RLNG used for production of urea) for gas consumed in non-urea operations. As the matter relating to the same is pending before the IMC for decision, the Company has represented that any decision on the same be taken only upon the issue being settled by the IMC of GoI. However, pending finalization of price payable as per the said letter, Company is recognizing liability based on the difference between domestic gas price and pool / market price of gas for its non-urea operations. The difference is provided considering domestic gas first for urea operations on cumulative basis for the year and the balance if any, for non-urea operations. Accordingly, there is no impact for the year ended March 31, 2019. The Company has recognised a liability of ₹ 211.79 Crore for the period commencing from June 1, 2015 to March 31, 2019 (₹ 211.79 Crore upto March 31, 2018) on this account.

The Company has entered into a contract for procurement of market priced gas for non-urea operations at Trombay unit, effective from May 16, 2016.

Pursuant to the said order, GAIL has sought a differential levy amounting to ₹1442.84 Crore for the period commencing from July 1, 2006 till March 31, 2017 and has initiated arbitration proceeding towards non-payment of the same. The Company has represented this matter to Department of Fertilizers for dispute resolution as the matter relating to the same is pending before the IMC of GoI. The said matter has been currently referred to Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD) on May 22, 2018.

48. **Based on the nature of business activities undertaken by the Company and requirement of IND AS 108, following are the operating segments identified**

Segment	**Nature of activities**
Fertilizers	Production and supply of various grades of Fertilizers for agricultural use.
Chemicals	Production of various chemicals and supply to diverse industries
Trading	Represents fertilizers imported / locally sourced and marketed for agricultural use.

The necessary disclosures as required under IND AS 108 are given in **Annexure-1.**

The segment revenue and segment results are arrived at based on the revenues generated out of sale of such products and the costs attributable are reduced for arriving at the segment results. Assets are allocated to operating segments based on the intended use for which the asset was primarily installed. Liabilities are allocated to operating segments to which it relates to.

No operating segments have been aggregated to form the above reportable operating segments.

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

49 Disclosures under IND AS 24 on Related Party Transactions are given below:

49.1 **Transaction with other Government related Entities**

Since Government of India owns 75% of the Company's equity share capital (under the administrative control of Ministry of Chemicals and Fertilizers), the disclosures relating to transactions with Government and other Government controlled entities have been reported in accordance with para 26 of IND AS 24.

Certain transactions which are individually and collectively significant carried out with other Government related entities for purchase of Gases, for procurement of Raw Materials / Finished Goods, Assets / Spare parts from Original equipment manufacturers etc. the details of which are as under:

₹ Crore

Name of Entity	Nature of Transaction	2018-19	2017-18
GAIL (India) Ltd	Procurement of Gas / Transportation Charges/Pool difference payment	5104.04	3860.27
Mangalore Refinery & Petrochemicals	Procurement of Sulphur	21.88	13.35
Bharat Petroleum Corporation Limited	Procurement of Gas	-	101.81
Bharat Petroleum Corporation Limited	Deposit received for STP Project	25.32	14.69
Indian Oil Corporation Ltd	Procurement of Gas	198.22	107.35
Bharat Heavy Electricals Limited	Procurement of Capital Goods	105.19	-
Oil and Natural Gas Corporation Ltd	Renting of Immovable Property	20.83	19.92
GSPC ENERGY LIMITED	Procurement of Gas	-	30.63
The Singareni Collieries Co. Ltd.	Sale of Industrial chemicals	10.56	9.56
Hindustan Insecticides Limited	Sale of fertilizers	35.46	38.45

The above referred transactions have been carried out on arm's length basis with the said entities.

49.2 **Transactions with Joint Controlled Entities**

1) Relationship

JOINT CONTROLLED ENTITIES

Name of the Company	No of Shares	Country of Incorporation	% of Ownership interest as at	
			31-03-2019	31-03-2018
1) FACT-RCF BUILDING PRODUCTS LTD. (FRBL) *	32870000 of ₹ 10 each	India	50.00	50.00
2) URVARAK VIDESH LTD.(UVL) *	180002 of ₹ 10 each	India	33.33	33.33
3) TALCHER FERTILIZERS LIMITED (TFL) #	16344568 of ₹ 10 each	India	33.33	33.32

* Consequent to full provision recognized towards the investments made in FRBL and UVL as per Indian GAAP, the carrying value as on the date of transition has been recognized as deemed cost of investment which is NIL as on the transition date .i.e. 1st April 2015.

Further URVARAK VIDESH LTD. (UVL) has been declared as Dormant Company on 04.11.2015 by Registrar of Companies, New Delhi.

The shareholding is subject to change depending on the final value of the assets transferred by FCIL to Talcher Fertilizer Ltd.

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Transactions during the year with the above referred related parties:

₹ Crore

Sr. No.	Particulars	Year ended 31.03.2019		Year ended 31.03.2018	
		Amount	Party-wise amount	Amount	Party-wise amount
1	Contribution towards share capital	11.32	11.32 TFL	5.00	5.00 TFL
2	Advances given	19.50	19.50 FRBL	16.25	16.25 FRBL
3	Share of Expenses receivable from TFL	4.45	4.45 TFL	0.02	0.02 TFL

(Company expects to receive additional equity towards advances given during the year to FRBL. As the investments in equity and advances given in earlier years have been fully provided for, the amount of ₹19.50 crore being the advance given to FRBL during the year has been fully provided for as doubtful).

Balance Outstanding:

₹ Crore

Sr. No.	Particulars	As at 31.03.2019	As at 31.03.2018
		Joint Ventures	Joint Ventures
1	Guarantees given (as security for credit facilities availed by FRBL from Banks)	FRBL – 0.00*	FRBL – 19.50*
2	Advances Given/Advance against equity (for meeting business requirements)	FRBL – 40.23	FRBL – 20.73
3	Share of Expenses receivable from TFL	4.45	0.03

*Out of Guarantees given by the Company on behalf of FRBL to its bankers, guarantees amounting to ₹ 35.47 crore has been recognized as a financial asset at fair value. Expecting the liability of repayment of debt obligations to FRBL bankers may devolve on the Company, loss on impairment of its corporate guarantee amounting to ₹ 35.47 crore towards term loan has been done with adjustment to its opening reserves as at 1st April 2015,consequent to transition to Ind AS.

A Onetime Settlement (OTS) was entered with the bankers and FRBL, wherein Company contributed towards the same. The status of Corporate Guarantee obligation and payment towards the OTS and the reversal of existing liability is given as under:

₹ Crore

Sl. No.	Particulars	As at 31.03.2019	As at 31.03.2018
1	Outstanding Corporate Guarantee Obligation (security given against the credit facility availed by FRBL)	-	19.50
2	Reversal of liability of Corporate guarantee obligation during the year	19.50	15.97
3	Contribution under onetime settlement (RCF's share)	19.50	15.97

Out of the total value of guarantees given, ₹ 2.20 crore pertains to guarantee given for working capital facilities from banks on behalf of FRBL. Since such facility has not been availed, no provision towards financial guarantee and corresponding asset has been recognized.

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

49.3 **Transactions with other entities- where Directors are interested:**

a) Name of the entity

Fertilizers and Chemicals Travancore ltd (FACT)- owing to Shri Umesh Dongre Director(Finance) being given the additional charge of Director (Finance) of the said entity w.e.f 01st February, 2019

₹ Crore

Sl. No.	Nature of Transaction	2018-19	2017-18
1	Inter corporate Loan	25.50	6.00
2	EMD (Earnest Money Deposit)	0.03	0.00

Inter Corporate Deposit (ICD) advanced to Fertilizers and Chemicals Travancore Ltd (FACT) - a 50% JV partner in FACT-RCF Building Products Ltd (FRBL) of ₹ 25.50 crore (being their share of contribution paid by RCF towards one time settlement entered into between FRBL and their bankers resulting in Corporate Guarantee given by Company to FRBL bankers being discharged) outstanding as at 31st March, 2019 has not been provided for, despite FACT's adverse financial position as the Company is confident of settlement.

b) Disclosure as required required by Regulation 34(3) and 53(f) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

₹ Crore

Sl. No.	Particulars	Current Year		Previous Year	
	Entity in which Directors are interested	Amount as on 31.03.2019	Maximum amount outstanding during the year ended 31.03.2019	Amount as on 31.03.2018	Maximum amount outstanding during the year ended 31.03.2018
1	Loans and Advances in the nature of Loans To,FACT Ltd	25.50	25.50	6.00	6.00

c) Disclosure as per Section 186 of the Companies Act 2013

Sl. No.	Name of Party	Amount as on 31.03.2019	Amount as on 31.03.2018
1	FACT Ltd (Joint Venture Partner in FRBL)	25.50	6.00

The FACT Ltd share towards onetime settlement entered in to with Dena Bank amounting to ₹25.50 crore has been paid by the Company and is reported as intercorporate loan given. The said loan carries an interest in accordance with section 186(7) of Companies Act 2013.

49.3 **Key Management Personnel**

(i) Shri Umesh V. Dhatrak, Chairman & Managing Director from 14.09.2017
(ii) Shri Sudhir Panadare, Director (Technical) from 18.12.2017
(iii) Shri Umesh Dongre, Director (Finance) and CFO from 09.02.2018
(iv) Shri K. U. Thankachen, Director(Marketing) from 11.12.2018
(v) Shri Jai Bhagwan Sharma , Company Secretary from 01.10.2017

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Details relating to parties referred in above:

Remuneration:

₹ Crore

Particulars	Year ended 31.3.2019	Year ended 31.3.2018
Shri Umesh V. Dhatrak	0.55	0.20
Shri Sudhir Panadare	0.55	0.13
Shri Umesh Dongre	0.42	0.05
Shri K. U. Thankachen	0.13	-
Shri Jai Bhagwan Sharma	0.24	0.11
Total	**1.89**	**0.49**

The above amount includes salaries and allowances, contribution to Provident fund, pension etc. and actual payments towards leave encashment, if any.

The remuneration to key management personnel does not include the provisions made for gratuity; leave encashment and post-retirement medical benefits as they are determined on an actuarial basis for the Company as a whole.

There have been no outstanding loans and advances from the above referred parties as at year end.

50. Earnings per Share –Basic and Diluted

Particulars	Year ended 31.3.2019	Year ended 31.3.2018
Net profit after tax as per Statement of Profit and loss (₹ crore) (**A**)	139.17	78.80
Weighted Average Numbers of Equity Shares for calculating basic EPS(**B**)	55,16,88,100	55,16,88,100
Basic/Diluted earnings per Share (in Rupees) (Face Value of ₹ 10/- per share) **(A)/(B)**	2.52	1.43
EPS from continuing operations	2.52	1.43

51. "Financial Reporting of interests in Joint Ventures"

The required information is as under:-

JOINT CONTROLLED ENTITIES

Name of the Company	Country of Incorporation	Percentage of ownership interest as on	
		31-3-2019	**31-31-3-2018**
1) FACT-RCF BUILDING PRODUCTS LTD.	India	50.00	50.00
2) URVARAK VIDESH LTD.	India	33.33	33.33
3) TALCHER FERTILIZERS LIMITED	India	33.33	33.32

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

A) **FACT-RCF BUILDING PRODUCTS LTD**:-A Joint venture Company with Fertilizers and Chemicals Travancore Ltd. (FACT) for manufacture of rapid building materials from Gypsum at Kochi.

Summarized financial information of Company's investment in FACT-RCF BUILDING PRODUCTS LTD. (FRBL)

₹ Crore

Sr. No.	Particulars	As at 31/3/2019 (Unaudited)	As at 31/3/2018 (Audited)
1	Non-Current Assets	65.21	74.43
2	Cash and Cash Equivalent	1.02	0.55
3	Current Assets other than Cash and Cash Equivalent	15.00	15.74
4	Non-Current Liabilities	41.92	87.39
5	Current Liabilities	90.92	52.22
6	Equity	(51.61)	(48.88)
7	Proportion of the Company's ownership	50%	50%
8	Carrying amount of the investment*	-	-
9	Capital Commitments	4.66	4.66
10	Commitment to subscribe to additional equity	0.00	0.00
11	Contingent Liabilities	5.56	5.56

₹ Crore

Sr. No.	Particulars	Year Ended 31/3/2019 (Unaudited)	Year Ended 31/3/2018 (Audited)
1	Income	16.62	17.13
2	Cost of materials consumed	3.84	1.53
3	Depreciation and amortization expense	9.12	9.12
4	Finance costs	4.33	10.32
5	Employee benefits expenses	3.64	3.20
6	Other Expenses	10.25	13.21
7	Profit/Loss from continuing operations before exceptional item	(13.56)	(20.06)
8	Exceptional Item	10.83	10.53
9	Profit/(Loss) Before Tax	(2.73)	(9.52)
10	Total comprehensive income for the year	(2.73)	(9.52)
11	Company's Share of profit / loss for the year	(1.37)	(4.76)

* Owing to the Company's share of losses exceeding its interest in the joint venture, the share of loss stands discontinued to be recognized. Accordingly Company has not recognized share of loss of ₹ 1.37 crore for the year (P.Y. ₹ 4.76 crore) and ₹ 30.95 crore cumulatively upto the year ended 31.03.2019 (₹ 29.58 crore cumulatively upto the year ended 31.03.2018).

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

B) **URVARAK VIDESH LTD**: **-** A joint venture with National Fertilizers Ltd. and KRIBHCO for revival of closed Fertilizer Units of FCI/HFC group of companies has been formed. Further URVARAK VIDESH LTD. (UVL) has been declared as Dormant Company on 04.11.2015 by Registrar of Companies, New Delhi.

Summarized financial information of Company's investment in URVARAK VIDESH LTD.

₹ Crore

Sr. No.	Particulars	As at 31/3/2019 (Audited)	As at 31/3/2018 (Audited)
1	Non-Current Assets	0.00 ₹ 859	0.00 ₹ 4,296
2	Cash and Cash Equivalent	0.00 ₹ 23,341	0.01
3	Current Assets other than Cash and Cash Equivalent	0.10	0.09
4	Non-Current Liabilities	-	-
5	Current Liabilities	0.02	0.02
6	Equity	0.08	0.08
7	Proportion of the Company's ownership	33.33%	33.33%
8	Carrying amount of the investment*	0.00	0.00

Sr. No.	Particulars	Year Ended 31/3/2019 (Audited)	Year Ended 31/3/2018 (Audited)
1	Income	0.01	0.01
2	Cost of materials consumed	-	-
3	Depreciation and amortization expense	0.00 ₹ 3,437	0.00 ₹ 3,437
4	Finance costs	-	-
5	Employee benefits expenses	-	-
6	Other Expenses	0.01	0.01
7	Profit/(Loss) from continuing operations	(0.01)	(0.01)
8	Total comprehensive income for the year	(0.01)	(0.01)
9	Company's Share of profit / loss for the year	(0.00) (₹ 20,271)	(0.00) (₹ 24,502)

*Company, on implementation of IND AS had adopted the carrying amount as per IGAAP as its deemed cost of its investment in joint ventures.

C) **TALCHER FERTILIZERS LIMITED: -** A Joint venture Company with Coal India Limited (CIL), GAIL (India) Limited and Fertilizer Corporation of India Limited (FCIL) was incorporated on 13th November 2015 for revival of the FCIL's fertilizer unit at Talcher by establishing and operating new coal gasification based fertilizer complex(Ammonia/Urea Complex).

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Summarized financial information of Company's investment in TALCHER FERTILIZERS LTD.

₹ Crore

Sr. No.	Particulars	As at 31/3/2019 (Unaudited)	As at 31/3/2018 (Audited)
1	Non-Current Assets	26.85	6.81
2	Cash and Cash Equivalent	17.07	8.49
3	Current Assets other than Cash and Cash Equivalent	4.07	0.65
4	Non-Current Liabilities	-	-
5	Current Liabilities	14.20	0.86
6	Equity	33.80	15.09
7	Proportion of the Company's ownership	33.33%	33.32%
8	Carrying amount of the investment	16.35	5.02
9	Income	0.98	0.26
10	Cost of materials consumed	0.00	0.00
11	Depreciation and amortization expense	0.05	0.01
12	Finance costs	0.00	0.00
13	Employee benefits expenses	0.00	0.00
14	Other Expenses	16.22	0.17
15	Profit/(Loss) from continuing operations	(15.27)	0.08
16	Total comprehensive income for the year	(15.27)	0.06
17	Company's Share of profit / loss for the year	(5.09)	0.02

52. Disclosure of additional information pertaining to the Parent Company and Joint Ventures as on 31st March, 2019

₹ Crore

Name of Entity in the Group	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated profit or loss	Amount (₹ in crore)	As % of consolidated profit or loss	Amount (₹ in crore)	As % of consolidated profit or loss	Amount (₹ in crore)
Parent Company								
Rashtriya Chemicals and Fertilizers Limited	99.63	3018.35	103.80	139.17	100.00	5.75	103.64	144.92
Joint Venture (as per Equity Method)								
Indian								
FACT –RCF Building Products Ltd.	-	-	-	-	-		-	-
Urvarak Videsh Limited	-	0.03	-	-	-		-	-
Talcher Fertilizers Limited	0.37	11.27	(3.80)	(5.09)	-		(3.64)	(5.09)
Total	**100.00**	**3029.65**	**100.00**	**134.08**	**100.00**	**5.75**	**100.00**	**139.83**

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Contingent Assets:

53. In accordance with Modified New Pricing policy scheme (NPS III) effective from 01.04.2014, Company is eligible for increased compensation of fixed cost components for production of urea. As the price concessions relating to urea manufactured by the Company are yet to be notified, no additional compensation towards the same has been reckoned and further impact on account of the same is not quantifiable.

54. Company is in receipt of an arbitration award in its favor for the compensation claimed in respect of surrender of land to Mumbai Metropolitan Regional Development Authority (MMRDA) on 23rd May, 2018. As per the award, Company is eligible for compensation either in the form of cash / TDRs amounting to ₹ 75.17 crore along with interest over and above the entitled compensation as recommended by MMRDA. However MMRDA has appealed against the said award.

55. Exceptional items:

a) Net fair value gain of ₹ 23.44 crore on account of valuation of Development Right Certificate received / receivable from Municipal Corporation of Greater Mumbai towards surrender of land in accordance with IND-AS 38 and Guidance Note on Accounting for Real Estate Transactions issued by Institute of Chartered Accountants of India. Tax expense includes capital gain tax impact on the same.

b) Exceptional item consist of :

₹ Crore

Particulars	**Year ended**	
	31.03.2019	**31.03.2018**
Past service gratuity cost on account of increase in gratuity limits from ₹10 lakh to ₹20 lakh.	-	108.06
Loss / (Gain) on Revaluation of Development Right Certificate received / receivable from MMRDA towards surrender of land in earlier year.	21.58	(107.94)
Fair value gain on account of valuation of Development Right Certificate receivable from Municipal Corporation of Greater Mumbai towards surrender of land.	(45.02)	-
Net Exceptional Expense / (Income)	**(23.44)**	**0.12**

56. Consolidated Employee benefit disclosures, lease disclosures, impairment disclosures and deferred tax liability (net), are not materially different from those disclosed in the standalone financial statements of the Company.

57. The consolidated financial statement has been prepared based on Management certified financial statements in respect of the joint venture entities viz FACT-RCF Building Products Limited & Talcher Fertilizers Limited and audited financial statements of Urvarak Videsh Limited.

58. The consolidated financial statements were authorized for issue in accordance with a resolution passed by the Board of Directors on 07th May 2019.

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

59. The financial statements as approved by the Board of Directors are subject to audit by Comptroller and Auditor General of India and final approval by its Shareholders.

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

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

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

(Umesh Dongre)
Director (Finance)
DIN : 08039073

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

Dated : 7th May, 2019
Place: Mumbai

As per our report of even date attached

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

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

For Chhajed & Doshi
Chartered Accountants
Firm Regn. No. 101794W

(Nitesh Jain)
Partner
Membership No: 136169

Dated : 7th May, 2019
Place: Mumbai

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Annexure-1

CONSOLIDATED SEGMENTWISE REVENUE AND RESULTS FOR THE YEAR ENDED 31ST MARCH 2019

₹ Crore

Sr. No	Particulars	Fertilizers	Trading	Industrial Chemicals	Unallocated	Total
	SEGMENT REVENUE					
i.	Sales (Incl. Subsidy wherever applicable)	7541.23	372.91	955.16	-	8869.30
ii.	Other operating Income	5.32	0.14	1.07	9.64	16.17
	Total Revenue	**7546.55**	**373.05**	**956.23**	**9.64**	**8885.47**
	SEGMENT RESULT					
i.	Segment Results	277.76	36.80	60.27	(1.50)	373.33
ii.	Share of profit / (loss) of Joint Ventures	(5.09)				(5.09)
iii.	Interest Expense					155.85
iv.	Interest Income					17.77
v.	**Profit before Tax**					**230.16**
vi.	Tax - Current					57.12
vii	Deferred Tax Liability / (Asset)					56.16
viii.	Tax adjustments of earlier years (excess) / short					(17.20)
ix	**Net Profit**					**134.08**
	OTHER INFORMATION					
i.	Segment Assets	7607.83	675.31	353.09	279.21	8915.44
ii.	Segment Liabilities	1560.20	383.10	119.98	3822.51	5885.79
	Other Disclosures					
iii.	Investments in Joint Ventures	11.30	-	-		11.30
iv.	Capital Expenditure **	334.10	-	2.84	6.62	343.56
v.	Depreciation and Amortisation	113.67	-	38.89	4.11	156.67
vi	Other Non Cash Expenses	10.47	-	0.01	19.51	29.99

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

CONSOLIDATED SEGMENTWISE REVENUE AND RESULTS FOR THE YEAR ENDED 31ST MARCH 2018

₹ Crore

Sr. No.	Particulars	Fertilizers	Trading	Industrial Chemicals	Unallocated	Total
	SEGMENT REVENUE					
i.	Sales (Incl. Subsidy wherever applicable)	6203.57	271.44	783.72	-	7258.73
ii.	Other operating Income	4.87	0.27	0.83	17.26	23.23
	Total Revenue	**6208.44**	**271.71**	**784.55**	**17.26**	**7281.96**
	SEGMENT RESULT					
i.	Segment Results	143.90	32.96	26.95	(21.78)	182.03
ii.	Share of profit / (loss) of Joint Ventures	0.02	-	-	-	0.02
iii.	Interest Expense					62.59
iv.	Interest Income					8.78
v.	**Profit before Tax**					**128.24**
vi.	Tax - Current					72.75
vii	Deferred Tax Liability / (Asset)					(4.06)
viii.	Tax adjustments of earlier years (excess) / short					(19.27)
ix	**Net Profit**					**78.82**
	OTHER INFORMATION					
i.	Segment Assets	5604.79	118.39	249.41	351.00	6323.59
ii.	Segment Liabilities	1714.39	0.15	50.58	1628.74	3393.86
	Other Disclosures					
iii.	Investments in Joint Ventures	5.06		-		5.06
iv.	Capital Expenditure	503.46	-	4.68	0.79	508.93
v.	Depreciation	102.03	-	31.64	4.65	138.32
vi.	Impairment	(10.27)	-	9.19	-	(1.08)
vii.	Other Non Cash Expenses	3.28	-	0.01	15.96	19.25

*Finance income and costs, and Corporate expenses are not allocated to individual segments as the same are managed on a group basis.

*Current taxes, deferred taxes and write back of excess tax provisions are also not allocated to those segments as they are also managed on a group basis.

*Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties.

** Capital expenditure for Financial Year 2018-19 is net of input Tax credit of ₹ 56.06 crore.

EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FORTHE YEAR ENDED 31ST MARCH 2019

RECONCILIATIONS TO AMOUNTS REFLECTED IN FINANCIAL STATEMENTS

₹ Crore

Sr. No.	PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
I	**OPERATING REVENUE**		
	Segment Revenue		
	India	8875.83	7264.70
	Outside India	-	-
	Segment Reveue	**8875.83**	**7264.70**
	Unallocated - Management fees	9.64	17.26
	Total Operating Revenue	**8885.47**	**7281.96**
II	**RECONCILIATION OF PROFITS**		
	Segment Profit	369.74	203.83
	Add: Interest Income	17.77	8.78
		387.51	212.61
	less: Finance Costs	155.85	62.59
	Corporate Expenses (net)	1.50	21.78
	Profit Before Tax	**230.16**	**128.24**
III	**RECONCILIATION OF ASSETS**		
	Segment Assets	**8636.23**	**5972.59**
	Investments	86.34	62.40
	Corprate Assets + CWIP	25.45	23.13
	Non Current Tax Asset	105.15	79.44
	Derivatives not designtaed as hedges (MTM Gain Receivable)	0.14	2.33
	Cash & Bank balances	3.04	0.72
	Other assets	59.09	182.98
	Total Assets	**8915.44**	**6323.59**
IV	**RECONCILIATION OF LIABILITIES**		
	Segment Liabilities	**2063.28**	**1765.12**
	Borrowings long term	425.11	320.06
	Current maturities of long term Loans	151.12	76.36
	Borrowings Short term	2880.96	932.44
	Deferred Tax Liabilities	280.33	219.77
	Current Tax Liability	-	36.02
	Corporate Guarantees given	-	19.50
	Derivatives not designtaed as hedges	5.16	-
	Other current financial liabilities	40.17	14.96
	Other non current financial liabilities	0.09	0.05
	Other Liabilities	39.57	9.58
		5885.79	**3393.86**

Annexure-A

FORM AOC-1

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES / JOINT VENTURES AS PER COMPANIES ACT, 2015

Part A: Subsidiaries

Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provisio for taxation	Profit after taxation	Proposed Dividend	% of Shareholding	Reasons for non-consolidation:
Not Applicable													

Part B: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2015 relating to Associate Companies and Joint Ventures

Name of Joint Venture	Last audited balance sheet date	Shares of Associate / Joint Ventures held by the Company on year end			Networth attributable to Shareholding as per the latest audited Balance Sheet (₹ in crore)	Profit / Loss fot the year		Description of how there is significant influence	Reason why the associate / joint venture is not consolidated
		No.	Amount of investment in Associate / Joint Venture (₹ in crore)	Extent of Holding %		Considered in Consolidation (₹ in crore)	Not Considered in Consolidation (₹ in crore)		
1. FACT –RCF Building Products Ltd.	31/3/2018	32,870,000	32.87	50.00%	(25.81)	-	(1.37)	Note A	**
2. Urvarak Videsh Limited	31/3/2019	180,002	0.18	33.33%	0.03	*-	-	Note A	
3. Thalcher Fertilizers Limited	31/3/2018	16,344,568	16.35	33.33%	11.27	(5.09)	-	Note A	

Note

A: There is significant influence due to percentage(%) of Share Capital.

* Share of JV in Profit / (Loss) for the year - Urvarak Videsh Limited ₹ (20,269)

** As per IND as 28, para 38, If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the entity discontinues recognizing its share of further losses

Para 39 of the standard states that after the entity's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

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

(Umesh Dongre)
Director (Finance)
DIN : 08039073

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

Dated : 7th May, 2019
Place: Mumbai

RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

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

41st Annual General Meeting, Tuesday, 24th September, 2019

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s)	
Registered Address	
Email Id	
Folio No./Client ID*	
DP ID*	

* Applicable for members who are holding shares in dematerialized form.

I/We, being he member(s) of …………..……………… Shares of the above named Company, hereby appoint

1. …………………………………of…………..………………….. having email id…………………………………… or failing him
2. …………………………………of…………..………………….. having email id…………………………………… or failing him
3. …………………………………of…………..………………….. having email id…………………………………… or failing him

And whose signature are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/behalf at 41st Annual General Meeting of the Company to be held on Tuesday, the 24th September, 2019 at 3.00 P.M. at "Sivaswamy Auditorium", The Fine Arts Society, Fine Arts Chowk, RC Marg, Chembur, Mumbai 400 071 and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolutions
	ORDINARY BUSINESS
1	To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) of the Company for the financial year ended 31st March, 2019, including Profit & Loss Statement for the year ended 31st March, 2019 and Balance Sheet as at that date together with the Reports of Directors and Independent Statutory Auditors and comments thereon of the Comptroller and Auditor General of India.
2	To declare dividend on equity share capital for the financial year 2018-19
3	To appoint a Director in place of Shri Sudhir D. Panadare (DIN: 07933191), who retires by rotation and being eligible, offers himself for reappointment.
4	To appoint a Director in place of Shri Umesh Dongre (DIN: 08039073), who retires by rotation and being eligible, offers himself for reappointment.
5	To fix remuneration of Statutory Auditors for the Financial Year 2019-20
	SPECIAL BUSINESS
6	To appoint Shri K. U. Thankachen (DIN: 06946476) as a Director (Marketing) of the Company
7	To appoint Prof. Anil Kumar Singh (DIN: 08382601) as an Independent Director of the Company
8	To appoint Dr. Shambhu Kumar (DIN: 07368172) as an Independent Director of the Company
9	Approval of Cost Auditors remuneration for the financial year 2019-20
10	To approve offer or invitation to subscribe to Secured Non-Convertible Debentures on private placement.

Signed this ______________________ day of _____ 2019

Affix Revenue Stamp of Rs. 1

____

Signature of Member

Sign across the revenue stamp

____________________________ ____________________________ ____________________________

(Signature of the First Proxy holders) (Signature of the Second Proxy holders) (Signature of the third Proxy holders)

Note:

(i) This Form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at "Priyadarshini", Eastern Express Highway, Sion, Mumbai- 400 022, not later than 48 hours before the commencement of this meeting.

(ii) Those Members who have multiple folios with different joint holders may use copies of this Proxy Form.

Route map to the Venue of the AGM

"Sivaswamy Auditorium",
The Fine Arts Society,
Fine Arts Chowk,
RC Marg, Chembur,
Mumbai 400 071,
Maharashtra, India.

Padma Bhushan Dr. Vijay Kumar Saraswat, Member NITI Aayog,
visited RCF Trombay Unit to review actions taken for implementation of Methanol Economy

Shri Sudhir Panadare, Director(Technical), RCF receiving Indian Chemical Council (ICC) Award 2017 for "Excellence in Management of Environment" for Trombay Unit at the hands of Shri. P. Raghavendra Rao, IAS, Secretary, Dept. of Chemicals & Petrochemicals ,GOI.


Let us grow together
Rashtriya Chemicals and Fertilizers Limited
(A Government of India Undertaking)
Registered Office: "Priyadarshani", Eastern Express Highway,
Sion, Mumbai - 400 022.
Website: www.rcfltd.com
follow: rcfkisanmanch on facebook twitter instagram youtube