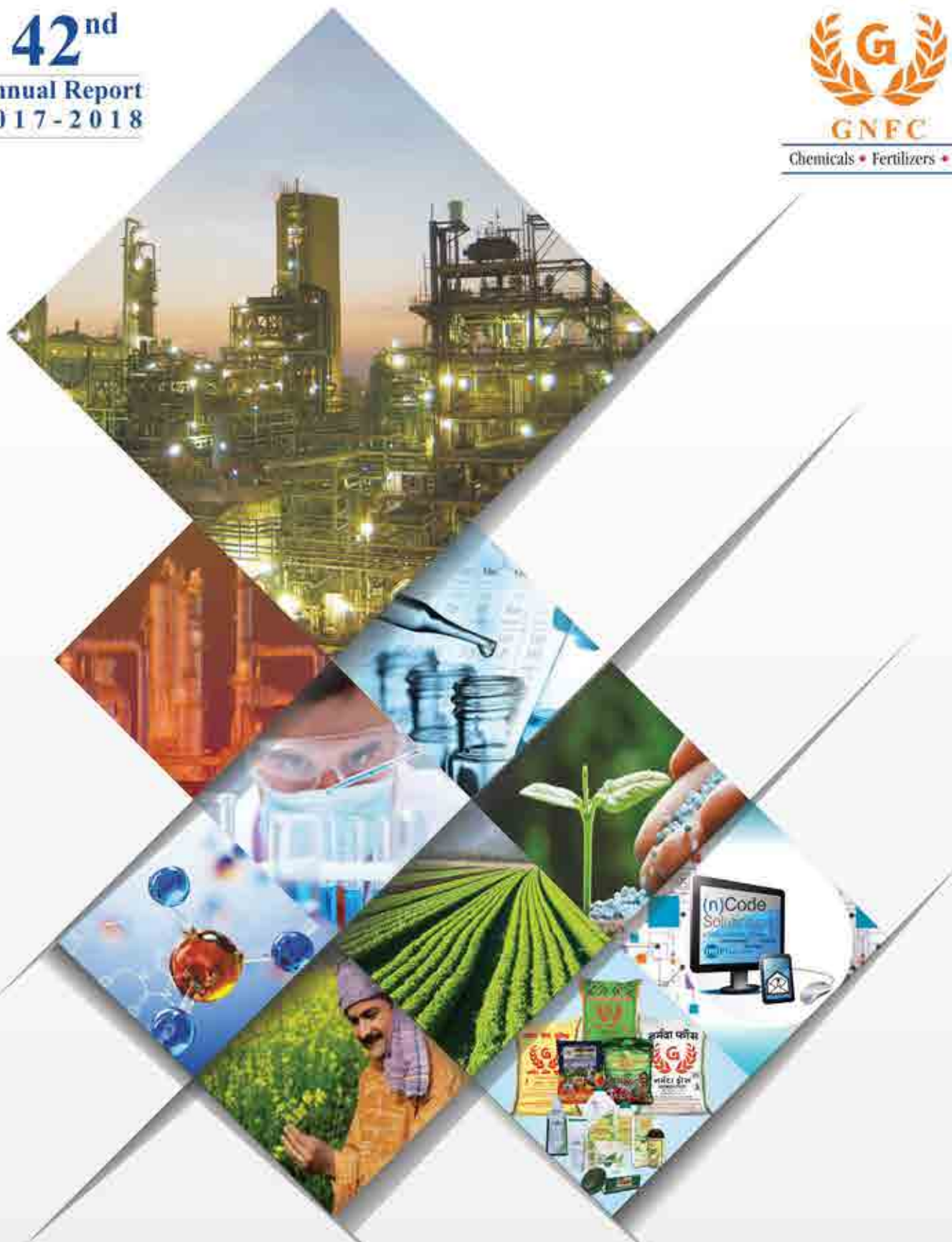


**42<sup>nd</sup>**  
**Annual Report**  
**2017-2018**



**GNFC**

Chemicals • Fertilizers • IT



**Gujarat Narmada Valley Fertilizers & Chemicals Limited**

## BOARD OF DIRECTORS

(As on 17th August, 2018)

**Dr. J.N. Singh**, IAS, Chairman

**Smt. Mamta Verma**, IAS

**Shri C.S. Mani**

**Prof. Arvind Sahay**

**Shri Piruz Khambatta**

**Shri Sunil Parekh**

**Shri V.D. Nanavaty**

**Shri M.S. Dagur**, Managing Director

## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

**Shri Y.B. Gandhi**

**Shri G.C. Shah**

**Shri D.B. Shah**

**Shri P.G. Dave**

**Shri G.B. Trivedi**

**Shri G.S. Maharaj**

Company Secretary & General Manager (Legal)

**Shri T.J. Lakhmapurkar**

Chief Financial Officer & General Manager

**Shri D.V. Parikh**

Statutory Auditors

**M/s SRBC & Co. LLP.**

Chartered Accountants

Ahmedabad.

Cost Auditors

**M/s Dalwadi & Associates**

Ahmedabad.

Registered Office :

**P.O. Narmadanagar – 392 015,**

**District : Bharuch, Gujarat, INDIA.**

**Website : [www.gnfc.in](http://www.gnfc.in)**

## 42ND ANNUAL GENERAL MEETING

Date : 29th September, 2018

Day : Saturday

Time : 11:00 AM

Place : Open Air Theatre,

Sports Complex,

Narmadanagar Township,

P.O. Narmadanagar-392 015,

District : Bharuch.



**GNFC**

Chemicals • Fertilizers • IT

Gujarat Narmada Valley Fertilizers & Chemicals Limited

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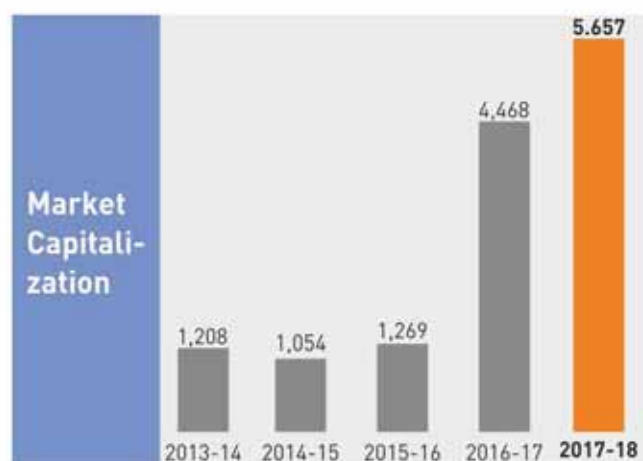
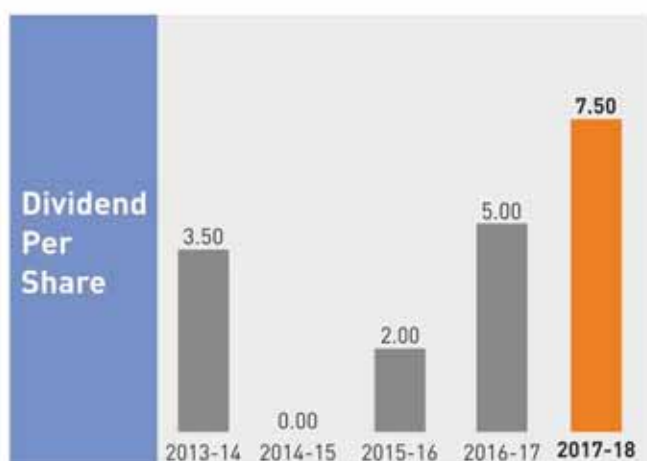
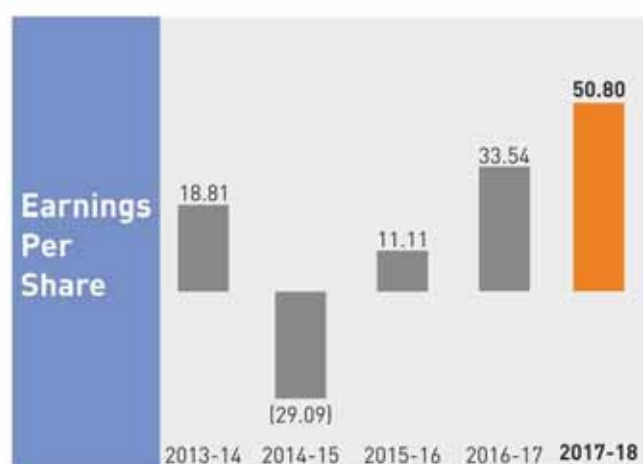
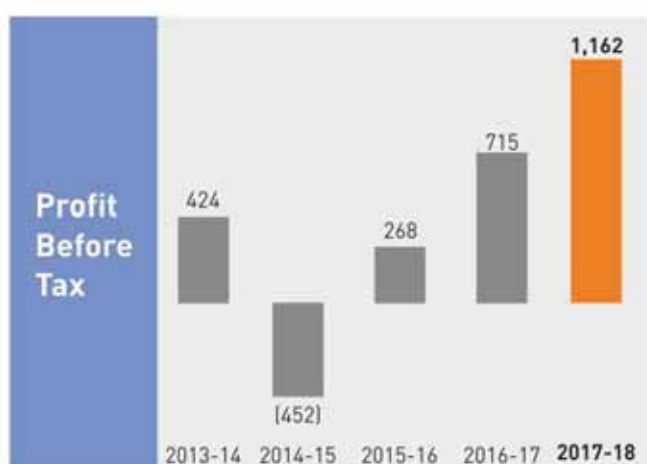
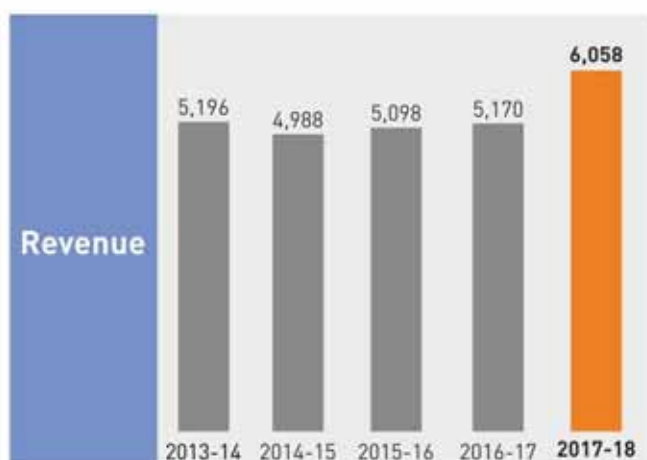
## AWARDS & ACHIEVEMENTS for the year



## FINANCIAL TRENDS AND VALUE CREATION



Rs. in Crore, except per share data



## NOTICE

NOTICE IS HEREBY given that the **42nd Annual General Meeting** of the Members of Gujarat Narmada Valley Fertilizers & Chemicals Limited will be held at **11:00 AM on Saturday, the 29th September, 2018** at the Registered Office of the Company, at Open Air Theatre, Sports Complex, Narmadanagar Township, P.O. Narmadanagar - 392 015, District: Bharuch to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone Financial Statements and Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2018 and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on equity shares for the financial year ended 31st March, 2018.
3. To appoint a Director in place of Shri V. D. Nanavaty (DIN: 07431075), who retires by rotation and is being eligible offer himself for re-appointment.

### SPECIAL BUSINESS:

4. **Re-appointment of Dr. Rajiv Kumar Gupta, IAS (DIN: 03575316) as Managing Director of the Company for a period from 2.05.2018 to 15.07.2018 :**

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 161, 196, 197, 203, read with provisions of Schedule-V and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) as also such other approvals, permissions and sanctions, as may be required, approval of the Company be and is hereby accorded to the re-appointment of Dr. Rajiv Kumar Gupta, IAS, (DIN: 03575316) as Managing Director of the Company for a period commencing from 2.05.2018 to 15.07.2018 on payment of remuneration / special pay, if any, to him as may be granted and conveyed by the Government of Gujarat for the aforesaid period."

**"FURTHER RESOLVED** that the approval of the Company be and is hereby given and the Board of Directors of the Company be and is hereby authorized to agree to the payment of remuneration / special pay, if any, to Dr. Rajiv Kumar Gupta, IAS, Managing Director as may be granted and conveyed by the Government of Gujarat during the aforesaid period, subject to the same not exceeding the limit specified under Schedule-V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof."

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

5. **Appointment of Shri M.S. Dagur (DIN: 01622222) as Managing Director of the Company :**

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

**"RESOLVED** that pursuant to the provisions of Sections 161, 196, 197, 203 read with the provisions of Schedule-V 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(s) thereof for the time being in force), approval of the Company be and is hereby accorded to the appointment of Shri M.S. Dagur (DIN: 01622222) as the Managing Director of the Company for a period of two years commencing from 16.07.2018 on such terms & conditions of appointment and payment of remuneration and providing of perquisites by the Company to him as Managing Director, as may be prescribed and notified by Government of Gujarat and as may be determined by the Board of Directors, so however, his period of office shall not exceed five years from the date of his appointment and the remuneration payable to him shall not exceed the limits specified under Schedule-V to the Companies Act, 2013."

**"FURTHER RESOLVED** that approval of the Company be and is hereby given and the Board of Directors of the Company be and is hereby authorized to agree to any increase, variation, modification or amendment as may be decided and conveyed by the Government of Gujarat in the terms & conditions of appointment and payment of remuneration and providing of perquisites by the Company to Shri M.S. Dagur, Managing Director in accordance with the Articles of Association of the Company and Schedule-V to the Companies Act, 2013 or as may be prescribed / approved by the Central Government, if

such approval of the Central Government is required."

**"FURTHER RESOLVED** that Shri M.S. Dagur, Managing Director of the Company be and is hereby authorized to exercise substantial powers of Management and that he shall be responsible for the day to day management of the Company, subject to the superintendence, direction and control of the Board of Directors and that he shall carry out such duties as may be entrusted and/or delegated to him by the Board of Directors of the Company, from time to time."

**"FURTHER RESOLVED** that remuneration, benefits and perquisites shall be paid and allowed to Shri M.S. Dagur, Managing Director as minimum remuneration, as may be notified by the Government of Gujarat, notwithstanding the absence or inadequacy of profits in any year."

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

**6. Re-appointment of Shri Sunil Parekh (DIN: 06992456) as an Independent Director of the Company:**

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

**"RESOLVED** that pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 (the Act) and the Rules made thereunder read with Schedule-IV to the Act (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and applicable Regulation(s) of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and pursuant to the recommendation of the Board of Directors, Shri Sunil Parekh (DIN: 06992456), Independent Director of the Company, whose term of office is liable to expire on 30th September, 2018, and being eligible for re-appointment for a second term, and in respect of whom the Company has received a Notice in writing under Section 160 of the Act from a Member proposing the candidature for the office of Director, be and is hereby re-appointed as an Independent Director on the Board of the Company to hold office for a second term of three consecutive years up to 30th September, 2021 and that he shall not be liable to retire by rotation."

**7. Re-appointment of Shri Piruz Khambatta (DIN 00502565) as an Independent Director of the Company:**

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

**"RESOLVED** that pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 (the Act) and the Rules made thereunder read with Schedule-IV to the Act (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and applicable Regulation(s) of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and pursuant to the recommendation of the Board of Directors, Shri Piruz Khambatta (DIN: 00502565), Independent Director of the Company, whose term of office is liable to expire on 30th September, 2018, and being eligible for re-appointment for a second term, and in respect of whom the Company has received a Notice in writing under Section 160 of the Act from a Member proposing the candidature for the office of Director, be and is hereby re-appointed as an Independent Director on the Board of the Company to hold office for a second term of three consecutive years up to 30th September, 2021 and that he shall not be liable to retire by rotation."

**8. Ratification of remuneration payable to Cost Auditors of the Company for the financial year 2018-19:**

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

**"RESOLVED** that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of Rs.4.18 Lac (Rupees Four Lac Eighteen Thousand only) plus statutory levies and reimbursement of out of pocket expenses payable to the Cost Auditors, M/s Dalwadi & Associates, Cost Accountants, (Firm Registration No. 000338), Ahmedabad for carrying out the audit of the cost records of the Company for financial year ending on 31st March, 2019, as recommended by the Audit Committee and approved by the Board of Directors, be and is hereby ratified."

**"RESOLVED FURTHER** that the Board of Directors and / or its delegated authority be and is / are hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to the above resolution."

By Order of the Board of Directors,  
For Gujarat Narmada Valley Fertilizers & Chemicals Ltd.

T. J. Lakhmapurkar  
Company Secretary & General Manager (Legal)

**Registered Office:**

P.O. Narmadanagar, Dist. Bharuch: 392 015

CIN: L24110GJ1976PLC002903

Tele No. (02642) 247001, 247002, Fax No. (02642) 247084

Email: investor@gnfc.in | Website: www.gnfc.in

Dated: 9th August, 2018

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as a proxy on behalf of Members not exceeding fifty (50) and holding in aggregate not more than 10% of the total share capital of the Company. A Member holding more than 10% 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. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY- EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Business under Item Nos. 4 to 8 set out above is annexed hereto. The information required to be furnished under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) and Secretarial Standard - 2 on "General Meetings" issued by The Institute of Company Secretaries of India, in respect of persons seeking appointment / re-appointment as Directors are also annexed.
4. Corporate Members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution together with the specimen signature(s) of the representative(s) authorized under the said Board Resolution to attend and vote on their behalf at the Meeting at least 48 hours before the meeting.
5. The Company is pleased to provide its Members, the facility to cast their votes using an electronic voting system from a place other than the venue of the AGM ("remote e-voting") in respect of the resolutions proposed in the accompanying Notice, in compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI Listing Regulations.

For this purpose, the Company has availed the remote e-Voting services provided by Central Depository Services (India) Ltd. (CDSL). A separate sheet containing Attendance slip, detailed procedure and the instructions for availing remote e-voting facility is enclosed.

The facility for voting through Ballot Papers will also be made available at the place of meeting and the Members attending the meeting, who have not casted their vote through remote e-voting shall be able to cast their vote at the meeting. Members who have already casted their vote through remote e-voting shall be entitled to attend the meeting but shall not be entitled to cast their votes again at the meeting.

**ANNEXURE TO THE NOTICE**

**AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013, THE FOLLOWING EXPLANATORY STATEMENT SET OUT ALL MATERIAL FACTS RELATING TO BUSINESS MENTIONED UNDER ITEM NOS. 4 TO 8 OF THE ACCOMPANYING NOTICE.**

**Item No. 4**

The Members of the Company at their 37th Annual General Meeting (AGM) held on 21st September, 2013 had accorded consent to the appointment of Dr. Rajiv Kumar Gupta, IAS as Managing Director (MD) of the Company for a period commencing from 2.05.2013 until further orders from Government of Gujarat (GoG) with a stipulation that his period of office shall not exceed five years from the date of his appointment i.e. up to 1.05.2018. Accordingly, the tenure of Dr. Rajiv Kumar Gupta, IAS as MD was completed on 1.05.2018.



In exercise of the powers vested under Article 136 of the Articles of Association of the Company, the GoG has vide its Notification No. AIS/35.2018/24/G dated 12.07.2018 nominated Shri M.S. Dagur, Additional Chief Secretary, as Government Director on the Board of the Company for a period of two years effective 16.07.2018 (the date on which he assumed the charge of MD) and withdrawn the nomination of Dr. Rajiv Kumar Gupta, IAS as Government Director from the Board. Dr. Rajiv Kumar Gupta relinquished the charge of MD w.e.f. 15.07.2018 and hence he ceased to be the Director and MD of the Company from the said date.

The Board of Directors had in its meeting held on 9.08.2018 re-appointed Dr. Rajiv Kumar Gupta, IAS as MD of the Company for the intervening period from 2.05.2018 to 15.07.2018. In terms of the provisions of Section 196, 197, 203 read with Schedule-V to the Companies Act, 2013, the reappointment of Dr. Rajiv Kumar Gupta, IAS as MD of the Company and payment of remuneration / special pay, if any, to him as may be granted and conveyed by GoG are subject to the approval of Members in the General Meeting.

Your Directors therefore, commend the proposed resolution for your approval.

None of the Directors and Key Managerial Personnel of the Company and their relatives is / are in any way concerned or interested, financially or otherwise, in the said resolution. This explanatory statement may also be regarded as disclosure under Regulation 36 of the Listing Regulations, 2015.

#### Item No. 5

In exercise of the powers vested under Article 136 of the Articles of Association of the Company, the GoG had vide its Notification No. AIS/35.2018/24/G dated 12.07.2018 nominated Shri M.S. Dagur, Additional Chief Secretary, as Government Director on the Board of the Company effective from the date he assumes the charge of Managing Director for a period of two years. Shri M.S. Dagur had taken the charge of MD w.e.f. 16.07.2018.

In pursuance of Article 171 of the Articles of Association of the Company, the Board of Directors had in its meeting held on 9.08.2018 appointed Shri M.S. Dagur as MD of the Company for a period of two years commencing from 16.07.2018. The terms & conditions of appointment and payment of remuneration and providing of perquisite to Shri M.S. Dagur will be as may be prescribed and notified by GoG and as may be determined by the Board of Directors, provided that his period of office shall not exceed five years from the date of his appointment as stipulated in Section 196(2) of the Companies Act, 2013 and the remuneration / special pay, if any payable to him shall be subject to the limits specified under Schedule-V to the Companies Act, 2013.

In terms of the provisions of Section 196, 197, 203 read with Schedule-V to the Companies Act, 2013, the appointment of Shri M.S. Dagur as MD of the Company and payment of remuneration to him as may be granted and conveyed by GoG are subject to the approval of Members in the General Meeting.

The proposed resolution is for the aforesaid purpose and your Directors commend the same for your approval.

Except Shri M.S. Dagur, none of the Directors and Key Managerial Personnel of the Company and their relatives is / are in any way concerned or interested, financially or otherwise, in the said resolution. This explanatory statement may also be regarded as disclosure under Regulation 36 of the Listing Regulations, 2015.

#### Item Nos. 6 and 7

Pursuant to the provisions of Section 149 of the Act, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, S/Shri Sunil Parekh (DIN 06992456) and Piruz Khambatta (DIN 00502565) were appointed as Independent Directors (IDs) on the Board at the 39th AGM held on 26th September, 2015 for a term of three consecutive years up to 30th September, 2018. Accordingly, their term of office will expire on that date.

In accordance with Section 149 (10)(11) of the Act, S/Shri Sunil Parekh and Piruz Khambatta are eligible for re-appointment as IDs for second term on passing a Special Resolution by the Company and disclosure of such appointment in its Board Report.

The Nomination & Remuneration Committee has on the basis of performance evaluation of the IDs, has recommended their re-appointment to the Board, for a second term of three consecutive years up to 30th September, 2021. The Board had in its meeting held on 9.08.2018 recommended their re-appointment as IDs to the Members for being considered at this AGM.

The Board believes that considering their expertise and experience and significant contribution made by them during their tenure of Directorship, the continued association of S/Shri Sunil Parekh and Piruz Khambatta would be beneficial to the Company. It is therefore, desirable to continue to avail their services as IDs on the Board. In the opinion of the Board, S/Shri Sunil Parekh and Piruz Khambatta fulfill the conditions for re-appointment as IDs as specified in the Act and Listing



Regulations and they are Independent of Management.

It is therefore, proposed to re-appoint S/Shri Sunil Parekh and Piruz Khambatta as IDs on the Board for a second term of three consecutive years up to 30th September, 2021, not liable to retire by rotation.

Shri Sunil Parekh is a renowned Management Consultant and presently he is Head of Strategy & Group Corporate Affairs, Zydus Group and Strategic Advisor to Jubilant Bhartia Group. Shri Piruz Khambatta is a leading Industrialist and currently is a Chairman and Managing Director of Rasna Pvt. Ltd. Their brief resumes are given in Annexure forming part of the Notice of this AGM.

The Company has received declarations from S/Shri Sunil Parekh and Piruz Khambatta confirming that they meet with the criteria of Independence as prescribed under Section 149(6) of the Act and Listing Regulations.

The Company has also received Notice in writing from a Member under Section 160 of the Act, proposing the candidature of S/Shri Sunil Parekh and Piruz Khambatta for the office of IDs. S/Shri Sunil Parekh and Piruz Khambatta are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

Copy of the draft letters of appointment of S/Shri Sunil Parekh and Piruz Khambatta as IDs setting out the major terms & conditions of their re-appointment are available for inspection by the Members at the Registered Office of the Company during normal business hours on any working day till the date of AGM.

Your Directors therefore, commend the Special Resolutions set-out at Item Nos.6 & 7 of the Notice for approval by the Members.

Except S/Shri Sunil Parekh and Piruz Khambatta, none of the Director(s) and Key Managerial Personnel of the Company and their relatives is / are concerned or interested, financially or otherwise, in their respective resolution of appointment. This explanatory statement may also be regarded as disclosure under Regulation 36 of the Listing Regulations.

#### **Item No. 8**

The Board of Directors, on the recommendations of Audit Committee, in its meeting held on 29th May, 2017 approved the appointment of M/s Dalwadi & Associates, Cost Accountants, Ahmedabad (Firm Registration No.000338) as Cost Auditors of the Company for a period of three years from FY 2017-18 to 2019-20 at a remuneration of Rs.3.80 Lac per annum for FY 2017-18 and thereafter, increase of 10% every year up to FY 2019-20 plus out of pocket expenses and statutory levies for carrying out the cost audit work of the Company.

In accordance with the provisions of Section 148 of the Act, read with Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditors has to be ratified by the Members of the Company. Accordingly, the remuneration of Rs.4.18 Lac payable to M/s Dalwadi & Associates for FY 2018-19 is required to be ratified by the Members at this AGM.

Your Directors therefore, commend the proposed resolution for your ratification.

None of the Directors / Key Managerial Personnel of the Company and their relative(s) is / are, in any way, concerned or interested, financially or otherwise, in the said resolution. This explanatory statement may also be regarded as disclosure under Regulation 36 of SEBI Listing Regulations.

#### **Inspection of Documents:**

All documents referred to in this Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 9:30 AM and 11:30 AM during working days of the Company.

**By Order of the Board of Directors,  
For Gujarat Narmada Valley Fertilizers & Chemicals Ltd.**

#### **Registered Office:**

P.O. Narmadanagar, Dist.Bharuch:392 015  
CIN:L24110GJ1976PLC002903  
Tele No: (02642) 247001, 247002, Fax No: (02642) 247084  
Email: investor@gnfc.in | Website: www.gnfc.in  
Dated: 9th August, 2018

**T. J. Lakhmapurkar**  
Company Secretary & General Manager (Legal)

## DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE 42nd ANNUAL GENERAL MEETING PURSUANT TO REGULATION 36 OF THE LISTING REGULATIONS AND SECRETARIAL STANDARD - 2 ON "GENERAL MEETINGS":

### Shri V.D. Nanavaty

Shri V.D. Nanavaty (54) (DIN: 07431075) is a Director of the Company since 5th April, 2016. Shri Nanavaty is presently working as Executive Director & Chief Financial Officer of Gujarat State Fertilizers & Chemicals Ltd. He is a Commerce Graduate and holds Membership of Three premier Institutes namely; The Institute of Chartered Accountants of India; The Institute of Cost Accountants of India; and The Institute of Company Secretaries of India. He is having rich experience of around 29 years in the fields of Finance, Secretarial, Management & Administration.

Details of his Directorship and Committee Chairmanship / Membership are as under:

1.	Karnalyte Resources Inc., Canada	Director
2.	GSFC Education Society	Member & Treasurer
3.	GSFC Science Foundation	Trustee
4.	Bhavnagar Energy Company Limited	Director
5.	Gujarat Narmada Valley Fertilizers & Chemicals Limited	Director & Member of Audit Committee
6.	GSFC Agrotech Limited.	Director

He does not hold any equity shares in the Company. The details of Board Meetings attended by Shri V.D. Nanavaty during FY 2017-18 has been furnished in the "Report on Corporate Governance" forming part of the Annual Report - 2017-18.

### Dr. Rajiv Kumar Gupta, IAS

Dr. Rajiv Kumar Gupta, IAS (56) (DIN: 03575316) was Managing Director of the Company from 2.05.2013 to 15.07.2018. He is BA (Political Science, English Literature & Medieval History) (Gold Medalist), MA (Political Science), University of Allahabad and Ph.D. (International Law). He is a Senior IAS Officer having rich experience in the field of Management and Administration. He has held distinguished positions in GoG like Collector and District Magistrate - Vadodara, Sabarkantha and Mehsana, Principal Secretary, Agriculture and Co-operation Department, Secretary, Women & Child Department, Commissioner (Higher & Technical) Education, Principal Secretary, Narmada, Water Resources, Water Supply & Kalpsar Department (Water Supply), Principal Secretary, Climate Change Department, which is first of its kind in whole of Asia, Executive Director - Sardar Sarovar Narmada Nigam Ltd., and Managing Director - Gujarat State Civil Supplies Corporation, Chairman and Managing Director of Gujarat Water Infrastructure Ltd, Chairman of Gujarat Water Supply & Sewerage Board and Water And Sanitation Management Organization (WASMO), Principal Secretary, (Urban Development and Urban Housing Department) and (Primary & Secondary Education) Education Department, Addl. Chief Secretary, Labour and Employment Department, Government of Gujarat.

Presently, he is Addl. Chief Secretary, Forests & Environment Department, Government of Gujarat.

Details of Directorship and Committee Chairmanship / Membership held prior to withdrawal of nomination as Government Director by GoG effective 15.07.2018:

1.	Gujarat Narmada Valley Fertilizers & Chemicals Ltd.	Managing Director & Member of Stakeholders Relationship Committee
2.	EcoPhos GNFC India Private Limited	Chairman
3.	Gujarat NCode Solutions Ltd.	Chairman
4.	The Fertilizer Association of India	Director
5.	National Skill Development Corp. Ltd.	Director

He did not hold any equity shares in the Company. The details of Board Meetings attended by Dr. Rajiv Kumar Gupta, IAS during FY 2017-18 has been provided in the "Report on Corporate Governance" forming part of the Annual Report - 2017-18.

### Shri M. S. Dagur

Shri M.S. Dagur, aged 60 years, is a very Senior IAS Officer of Government of Gujarat (GoG). He is MA in Political Science from University of Rajasthan, Jaipur and MBA from University of Birmingham, UK.

He has very rich and varied experience of 34 years and has held distinguished positions in various departments of GoG like Collector of Mehsana, Bhavnagar, Gandhinagar, Dang, Joint Secretary / Additional Secretary in the departments of Planning,

Civil Supplies, Panchayat and Tribal Welfare, Special Commissioner, Sales Tax Department, Commissioner, Trade & Commerce, Additional Chief Secretary, Social Justice and Empowerment, Ports, Forest & Environment, etc.

He was Managing Director of Gujarat Alkalies & Chemicals Ltd., Chief Executive Officer of Sardar Sarovar Narmada Nigam Ltd., Water Resources Department. He has attended many National and International Training Programmes and Seminars and has presented papers in many forums, including Foreign Institutes and IIM, Ahmedabad.

Prior to joining GNFC as Managing Director, he was Additional Chief Secretary, Home Department, Government of Gujarat.

Details of his Directorship and Committee Chairmanship / Membership are as under :

1.	Gujarat Narmada Valley Fertilizers & Chemicals Ltd.	Managing Director & Member of Stakeholders Relationship Committee
2.	Sardar Sarovar Narmada Nigam Ltd.	Director
3.	Dholera International Airport Co. Ltd.	Director

He does not hold any equity shares in the Company.

### Shri Sunil Parekh

Shri Sunil Parekh (62) (DIN: 06992456) is a Director of the Company since 10th October 2014. He holds B.Tech Degree from IIT-Delhi in Mechanical Engineering and Computer Programming. Shri Sunil Parekh is a renowned Management Consultant and presently he is Head of Strategy & Group Corporate Affairs, Zydus Group and Strategic Advisor to Jubilant Bhartia Group. He is founding curator, Hub of Global Shapers, Ahmedabad at World Economic Forum. He has over 32 years of professional experience, including 15 years of international exposure in Africa, Europe and USA and has led several business delegations to the USA. He is a Member of several Governing Councils and Trusts and is the Executive Chairman of the IIT-Delhi Alumni Association.

Details of his Directorship and Committee Chairmanship / Membership are as under:

1.	GVFL Ltd.	Director
2.	Gujarat Narmada Valley Fertilizers & Chemicals Ltd.	Director & Member of Audit Committee
3.	Dahej SEZ Ltd.	Director

He does not hold any equity shares in the Company. The details of Board Meetings attended by Shri Sunil Parekh during FY 2017-18 has been provided in the "Report on Corporate Governance" forming part of the Annual Report - 2017-18.

### Shri Piruz Khambatta

Shri Piruz Khambatta (50) (DIN: 00502565) is a Director of the Company since 10th October, 2014. He holds Bachelor Degree in Biochemistry and Law. He has attended several courses in Management at prestigious Wharton School, Philadelphia and IIM, Kolkatta. Shri Piruz Khambatta is a leading Industrialist and currently, he is a Chairman & Managing Director of Rasna Pvt. Ltd. He is actively involved in Industry affairs through various associations. He was President of All India Food Processors Association and was the Chairman of Confederation of Indian Industries (CII) National Committee on Food Processing during 2005 to 2016. He is currently Chairman, CII (Western Region). He is actively associated with National and Western Regional Committees and Council of CII and has steered many events and functions as Chairman in CII. He is also a Member of High Level Ministry - Industry Consultative Committee (MICC) constituted by Ministry of Food Processing Industries, Government of India. He is Brand Ambassador of "Make in India" initiative of Government of India.

Details of his Directorship and Committee Chairmanship / Membership are as under:

1.	Rasna Private Ltd.	Chairman & Managing Director
2.	Wajra O' Force Empowerment Foundation	Director
3.	Gujarat Narmada Valley Fertilizers & Chemicals Ltd.	Director
4.	Rasna Naturals Private Limited	Director

He does not hold any equity shares in the Company. The details of Board Meetings attended by Shri Piruz Khambatta during FY 2017-18 has been provided in the "Report on Corporate Governance" forming part of the Annual Report - 2017-18.

## DIRECTORS' REPORT

To,

**The Members,**

Your Directors have immense pleasure in presenting this 42nd Annual Report on Company's business and operations together with Audited Financial Statements (Standalone and Consolidated) for the Financial Year ended on 31st March, 2018.

The year 2017-18 was the unprecedented year for your Company registering excellent financial results in the history of 42 years of its operations. The continued emphasis on higher productivity, energy conservation & efficiency improvement, smart marketing strategies, innovation / cost reduction, environmental & safety consciousness, dedication of employees at all levels, etc., have significantly contributed in achieving commendable all-round performance of your Company.

### FINANCIAL RESULTS AND STATE OF COMPANY'S AFFAIRS

The concerted efforts put-in by your Company have resulted in achieving glittering financial and operational performance during the year. The Company established total 186 new records on production and marketing fronts.

The financial highlights for the year ended 31st March, 2018 are summarized below:

(Rs. in Crores)

Particulars	Standalone	
	2017-18	2016-17
Income from operations	5,917	4,945
Other Income	141	225
Total Income	6,058	5,170
Total Expenditure	4,526	4,292
Profit before Depreciation, Finance Cost, Exceptional Item and Tax	1,532	878
Depreciation	270	251
Finance Cost	100	204
Exceptional Item (Impairment Reversal of TDI-II Assets)	-	292
Profit Before Tax	1,162	715
Tax Expense	372	194
<b>Net Profit for the year</b>	<b>790</b>	<b>521</b>
Re-measurement of Losses on defined employee benefit plans	27	6
Balance brought forward from previous year	635	157
Amount available for Appropriation	1,398	672
<b>Appropriations :</b>		
Dividend paid	78	31
Tax on Dividend	16	6
Transferred to General Reserve	115	-
Surplus carried to Balance Sheet	1,189	635



## FINANCIAL & OPERATIONAL PERFORMANCE OVERVIEW

### 1. Financial Performance :

Your Directors are delighted to share with you the highest ever financial records established by your company during the year under review on standalone basis, which are as follows:

- Highest Ever Profit Before Tax of Rs.1,162 Crore as against Rs.715 Crore in the previous year, registering an increase of 63%.
- Highest Ever Profit After Tax of Rs.790 Crore as against Rs.521 Crore in the previous year, registering an increase of 51%.
- Highest Ever Turnover of Rs.6,058 Crore as against Rs.5,170 Crore in the previous year, registering an increase of 17%.
- Highest Ever Exports of Rs.629 Crore as against Rs.361 Crore in the previous year, registering an increase of 74%.
- Highest Ever EBITDA of Rs.1,532 Crore as against Rs.1,170 Crore in the previous year, registering an increase of 31%.
- Highest Ever EPS of Rs.50.80 as against Rs.33.54 in the previous year, registering an increase of 51%.
- Recommendation of Highest Ever Dividend of 75% as against 50% paid last year.
- Highest ever pre-payment of Long Term Debt of Rs.534 Crore.
- Highest ever Long Term Debt extinction of Rs.888 Crore. The total debt of Rs.1,436 Crore paid off in one single year. Thus, your Company has become Long Term Debt free Company.

During the year under review, the exponential growth in revenue and profits are significantly led by non-TDI chemicals products. The realisation from Acetic Acid, Formic Acid and Ethyl Acetate were the highest in the last 6 years.

The Net Profit for FY 2017-18 on consolidated basis was Rs.794.94 Crore as compared to Rs.528.79 Crore in the previous year.

### 2. Operational performance :

It is a matter of proud that your Company has once again excelled on production front during the year. Most plants were operated at more than 100% capacity utilization. Special focus was given on energy conservation and cost reduction in all aspects. Ever highest annual production was achieved in Formic Acid : 22,009 MTs. (220.09%), Ethyl Acetate : 63,126 MTs. (126.25%), Aniline : 41,883 MTs. (119.67%) Technical Grade Urea : 1,03,601 MTs, TDI-II : 42,577 MTs (85.15%).

In addition, annual production at more than 100% capacity utilization was also achieved in Acetic Acid : 1,57,067 MTs. (157.07%), Ammonium Nitrophosphate : 2,16,575 MTs. (151.98%), Ammonia : 6,13,010 (137.60%) and TDI-I : 17,056 MTs. (121.83%).

Currently, TDI-II Plant, Dahej is running smoothly on consistent basis. Your Company is making on-going efforts for reliability and improvement in TDI-II Plant operations in terms of consistency, safety and capacity utilization by implementing various schemes. Actions have been initiated for implementation of various schemes under "Reliability Phase-II" with an estimated investment of Rs.170 Crore. This will help in decreasing downtime and achieving sustainable production, resulting into higher contribution in the profitability of the Company.

## SALES :

### 1. Industrial Products :

The Chemical Segment has performed extremely well for FY 2017-18 despite competitive scenario of Chemical business in the country and International Market. Almost all Industrial Products performed well in terms of sales and realization during the year. Many new milestones have been achieved in sales. E-tendering of Methanol successfully launched and well accepted in the market. Your Company is the first Company to adopt such a unique way of Chemical sales through e-Tendering. Export turn-over has increased to Rs.629 Crore in FY 2017-18 from Rs.361 Crore in FY 2016-17. The company is one of the leading suppliers of TDI in Markets of Middle East and Africa. The company's products have been exported to 66 Countries. The outstanding performance of Chemical Segment was mainly attributed to smart marketing strategy and dynamic pricing of company's products.

## 2. Fertilizer Business:

The year 2017-18 was challenging for Fertilizer Sector as the over-all rainfall remained normal during the monsoon season and there was high carried forward stock of Fertilizers at the beginning of the year.

Despite these challenges, your Company performed well in the fertilizer business during the year and achieved total sale of Urea (Manufactured and Traded) at 7.31 Lac MTs. as compared to 10.37 Lac MTs. in the previous year. Lower sales volume of Urea was due to reduced handling of Imported Urea during the year. The sale of Ammonium Nitro Phosphate (ANP) was highest ever at 2.23 Lac MTs. compared to 2.16 Lac MTs in the previous year. Out of the total sale of fertilizers, around 1.09 Lac MTs fertilizers were sold through Company's own 68 Narmada Khedut Sahay Kendras (NKSs).

During the year, trading activities continued in Muriate of Potash (MoP), indigenously sourced Di-Ammonium Phosphate (DAP), Ammonium Sulphate, Single Super Phosphate (SSP) and City Compost. Total 10,415 MTs. of fertilizers were sold as part of Trading activities.

## 3. (n)Code Solutions – IT Division:

(n)Code Solutions - IT Division has also contributed in achieving stellar performance of your Company during the year. This division has registered sales turnover of Rs.174 Crore and profit of Rs.39.53 Crore across all its business segments.

(n)Code Solutions has bagged major prestigious order from Vadodara Smart City Development Ltd. Another notable contribution by (n)Code in the Government Sector was its role in conducting reverse auction on its own e-auction for Gujarat State Civil Supplies Corporation (GSCSC) resulting in to a massive savings of Rs.32.58 Crore to GSCSC.

With a view to maintain growth momentum in IT business, (n)Code has undertaken several new initiatives in the areas of smart cities, education, intelligent transportation, system integration, Geographical Information Systems, security and surveillance, Digital Mapping and Surveys, business intelligence, Data Analytics, e-Auction, etc.

(n)Code Solutions - IT Division of the company was appointed as an Authentication User Agency (AUA) and e-KYC User Agency (KUA) by Unique Identification Authority of India (UIDAI) for the purpose of providing Aadhaar enabled services. UIDAI had vide its interim order dated 7th June, 2018 imposed financial disincentive of Rs.2,05,32,000/- (including GST of Rs.31,32,000/-) due to violation of certain provisions of Aadhaar Act, 2016 and its Regulations by (n)Code. Your Company had submitted due explanations in this proceedings. However, in order to amicably resolve the issue and close the matter, the Company had made full payment towards financial disincentive to UIDAI. As such, there is no material impact of the said payment on the financial position of the Company.

A detailed analysis of Company's operational and financial performance is presented under a separate section on "Management Discussion & Analysis" forming part of this report.

### DIVIDEND :

Your Directors are delighted to inform that in view of unprecedented performance of your Company for FY 2017-18 in its history of 42 years and to meet with the aspirations of shareholders for higher dividend on their investments, your Directors have recommended ever highest dividend of Rs.7.50 per share (75%) on 15,54,18,783 equity shares of Rs.10/- each, subject to the approval of shareholders at this Annual General Meeting. The dividend payout would work out to Rs.140.52 Crore including tax on dividend. This amounts to 17.80% of the Net Profit of the Company.

### APPROPRIATIONS :

Your Company has registered a Net Profit of Rs.789.52 Crore for FY 2017-18. After deducting therefrom Rs.26.72 Crore being the re-measurement losses on defined employee benefit plans and adding thereto Rs.635.19 Crore being the balance of Statement of Profit & Loss brought forward from previous year, an amount of Rs.1,397.99 Crore is available for appropriation. Out of this, Rs.93.53 Crore (inclusive of Tax on Dividend) is appropriated towards payment of dividend for FY 2016-17 and Rs.115 Crore is transferred to General Reserve. The balance amount of Rs.1,189.46 Crore is proposed to be carried to Balance Sheet. The Company proposes to transfer Rs.175 Crore to General Reserve upon declaration of dividend for FY 2017-18.

### FERTILIZER INDUSTRY – GOVERNMENT POLICY :

The Government of India (GoI) increased subsidy on Phosphates and decreased subsidy on Nitrogen and Potash nutrient covered under the policy of Nutrient Based Subsidy for FY 2018-19. Net effect of such changes in subsidy on 'Narmada Phos' produced

by your Company has been positive resulting into annual benefit of around Rs.14 Crore.

After the success of pilot project of GoI for sale of fertilizers under 'Direct Benefit Transfer' (DBT) Scheme in 19 Districts of selected States, the said scheme has now been implemented across the Country from 1st February, 2018 with the objectives of addressing the challenges such as diversion of Urea for non-agricultural use, imbalanced use of fertilizers, delay in subsidy receipts from Government and protection of some of the legacy / operation of inefficient plants. The subsidy is now available directly to farmers under DBT Scheme. GST @ 5% on fertilizers is applicable from 1st July, 2017.

Recently, GoI has made it compulsory for all Fertilizer Manufacturers to use 45 Kgs. bag of Urea in place of existing 50 Kgs. bag, with a view to bring down consumption of Urea by 10% since farmers mostly assess their requirement of Urea in terms of bags for agriculture purposes. This will not only save country's precious Foreign Exchange out-go but also reduce de-gradation of soil & environment.

## ON-GOING PROJECTS / INITIATIVES :

### 1. Neem Project :

Inspired by Hon'ble Prime Minister's Policy mandate of 100% Neem coating of Urea, your Company has achieved significant progress in its innovative Neem Project, implemented in 2015. With effective backward integration of Neem Oil production, your Company has created shared value among rural and urban poor people empowering communities with targeted focus on women empowerment through income generation and improved livelihood. During the last three years, by collecting over 45,000 MTs of Neem seeds, income of more than Rs.45 Crore was generated for 4.5 Lac Women in 53 Districts across Six States of India. Besides, more than 2.5 Lac people were benefitted by indirect employment.

During the year under review, around 23,000 MTs of Neem seeds were collected from six States from which 1,724 MTs. of Neem Oil and 14,421 MTs. of Neem Cake were produced.

As reported last year, facilities for manufacture of Neem Oil based products were set-up and the Company launched various products such as Neem Shampoo, Neem Mosquito Repellent, Neem Face-wash, Neem Hair Oil, Neem Hand-wash, etc. New Soap manufacturing Unit with a capacity of producing 225 MTPA Neem Soaps has been established by Company's CSR Wing - NARDES and registered under Khadi Village Industries Commission (KVIC).

Hon'ble Prime Minister inaugurated Neem Product facility on 8th October, 2017 and also laid foundation stone for Neem Seed expelling / extraction Unit at Bharuch. Neem based products launched by your Company has received overwhelming response from the consumers across India. To meet with the growing demand, the Company has opened first of its kind Neem Stores and Neem Parlours in various major cities of Gujarat. The Company has opened 17 own outlets and 40 Garden Parlours in Ahmedabad, Surat, Vadodara and Rajkot.

With a view to cater to the market demand of Neem products, a large scale Neem Seed expelling / extraction unit is under implementation to produce around 2,900 MTPA Neem Oil and around 22,000 MTPA Neem Cake. The Company is also setting-up 10 MTPD Toilet Soap Manufacturing Unit at Bharuch.

We are happy to inform that your Company's innovative multi-dimensional socio-economic Neem Project has been lauded in the UNDP impact assessment survey which concluded that there has been significant decrease in domestic violence, increase in annual income, asset creation and education expenditure. In addition, the project has been appreciated by Hon'ble Prime Minister and many other Dignitaries at various occasions and has won many prestigious Awards and Recognitions at both National and International levels, the details of which are separately given under the heading "Awards and Recognitions" in this Report.

### 2. Di-Calcium Phosphate Project :

Hon'ble Prime Minister laid foundation stone for Di-Calcium Phosphate (DCP) project on 8th October, 2017 at Bharuch. The project execution activities to manufacture 2 Lac MTPA DCP at Dahej to be set-up by Ecophos GNFC India Pvt. Ltd. (EGIL) at an estimated cost of Rs.538 Crore are under progress. Financial closure for the project has been completed. There is a slight delay in execution of this project as reported last year and the same is expected to be completed by end September, 2019. The Company is concentrating on speedy implementation of the said project as downstream integration of TDI-II Plant.

Once the project goes on stream, the entire HCl generated as by-product from TDI-II Plant will be consumed for production of DCP, which would help the Company in improving the profitability of TDI business.

### 3. Contribution towards "Digital India" :

As was reported last year, your Company was the first Fertilizer Company in India to have its 100% Cashless Township, following the clarion call of Hon'ble Prime Minister for "Digital India". The efforts put-in by your Company for Cashless initiatives in various segments of its business were well appreciated by Hon'ble Prime Minister and other Dignitaries at various occasions including Government of India, Government of Gujarat and other renowned Organizations / Authorities. Last year, the Company received many prestigious Awards at National and International Levels in recognition of Cashless drive undertaken by your Company. This year also, the Company has received Awards, the details of which are given separately under the heading "Awards and Recognitions" in this Report.

### GROWTH PLAN / REVAMP SCHEMES :

#### (1) Formic Acid Capacity Enhancement :

Your company is the only producer of Formic Acid (FA) in India. To meet with the domestic demand of the Country, around 15,000 MTPA FA is imported mainly from China, Germany and Finland. To bridge the gap of demand & supply in India to some extent, the Company is planning to enhance the present capacity of its FA Plant from 22,000 MTPA to 28,800 MTPA through implementation of FA Plant revamp. The proposed capacity enhancement will save country's precious foreign exchange. Moreover, one of the raw materials viz. Carbon Monoxide to produce FA is also available at Company's Dahej site. Hence, possibilities are being explored for setting-up FA Plant at Dahej.

#### (2) Acetic Acid Capacity Enhancement :

Your company is the only producer of Acetic Acid (AA) in India with installed capacity of 1 Lac MTPA. Currently, 80% of domestic demand of AA is met through import. Looking to the market of AA in India, the Company is actively considering Acetic Acid capacity expansion. The level of capacity of the plant is under technical examination.

#### (3) Concentrated Nitric Acid (CNA) - IV Plant :

Your Company is operating three CNA Plants. With the increase in captive consumption of CNA for manufacture of TDI, market share of GNFC is reducing. Hence, the Company has initiated actions for setting up 150 MTPD CNA-IV Plant and is expected to be completed by Mid 2020.

#### (4) Ammonia Plant Revamp :

The Company produces about 1,850 MTPD Ammonia from both fuel oil and natural gas route and further, Syngas loop revamp is under implementation to increase the production to 1,900 MTPD. This revamp is expected to be implemented by end 2018. Ammonia production capacity can be further increased from 1,900 MTPD to 2,050 MTPD by installing Make-up Gas Converter Loop in existing Ammonia Synthesis loop. This will increase Ammonia production by 150 MTPD (50,000 MTPA) and reliability of operations. Actions have been initiated for implementation of revamp in Ammonia Plant, which is expected to be completed by end 2020.

#### (5) Reliability Improvement Schemes for TDI-II Plant, Dahej :

With a view to further increasing the reliability of TDI-II Plant operations and achieving sustainable production, resulting into higher contribution in the profitability, your company has undertaken implementation of various schemes under 'Reliability Phase-II'.

The above mentioned projects / revamp schemes would be implemented with an estimated investment between Rs.1000 ~ Rs.2000 Crore, depending upon the scale of operations.

### AWARDS & RECOGNITIONS :

Your Directors are delighted to inform that in recognition of exemplary work done in the areas of Neem Project and Cashless initiatives, the Company has won many prestigious National and International Awards from Governments and other renowned Institutions, which are listed below :



- Porter Prize for Enabling Social Progress, Mumbai for second consecutive year
- India CSR Innovative Project of the year 2017, Mumbai
- India CSR Award for PSU Leader of the year 2017, Mumbai
- CMO Asia Best CSR Practices Award 2017, Singapore
- Global Giving Award for Best CSR Innovation Practices 2017, Dubai
- CII-ITC Sustainability CSR Award 2017, New Delhi
- Shared Value Inclusive Business List Award, New Delhi
- CMO Asia 50 Most Influential Rural Marketing Professional, Malaysia
- ET Now CSR Award for Innovation in CSR practices, Mumbai
- Dhainik Bhaskar India Pride Award for Excellence in CSR, New Delhi
- Business World Digital India Award for implementation of cashless initiatives, New Delhi
- SKOCH BSE Order of Merit, Mumbai
- SKOCH Smart Governance SKOCH Order-of-Merit Award
- Times Network Digital India Award for Digital Social Innovation, New Delhi
- CII Supply Chain and Logistics Excellence Award, Hyderabad
- Star Performer of the year 2017 by SBI Mutual Fund
- India's Best Company of the year Award

#### **DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to Sections 134(3)(c) and 134(5) of the Act, the Directors state that—

- in the preparation of Annual Accounts for the financial year ended 31st March, 2018, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any, therefrom had been furnished;
- they 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 the end of the financial year and of the profit of the Company for that period;
- they had 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, if any;
- they had prepared Annual Accounts on a going concern basis;
- they 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
- they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY :**

Except for additional equity investment of Rs. 12 Crore in the equity of Bhavnagar Energy Co. Ltd., there has been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of financial year to which the financial statements relate and the date of the Report.

#### **DETAILS OF SUBSIDIARY / JOINT VENTURES / ASSOCIATE COMPANIES :**

The Company has Wholly Owned Subsidiary Company and Associate Company namely - Gujarat NCode Solutions Limited (GNSL) and Gujarat Green Revolution Co. Ltd. (GGRCL) respectively. Statements containing salient features of Financial Statements of GNSL and GGRCL are given in Form AOC-1 as Annexures to the Consolidated Financial Statements and the same have not been repeated here for the sake of brevity.

GNSL has not commenced its business operations during FY 2017-18 and therefore, report on performance and financial position has not been furnished in this Report.

The project execution activities for setting-up of 2 Lac MTPA Di-Calcium Phosphate Project by EcoPhos GNFC India Pvt. Ltd. (EGIL), a Joint Venture Company are underway. Therefore, report on operational performance and financial position of EGIL for FY 2017-18 has not been furnished in this Report.

#### **CONSOLIDATED FINANCIAL STATEMENTS :**

Pursuant to Section 129(3) of the Act, read with Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has prepared Consolidated Financial Statement in respect of Gujarat Ncode Solutions Ltd. (GNSL), a wholly owned subsidiary of the Company and Gujarat Green Revolution Co. Ltd., being an Associate Company for FY 2017-18 and forms part of this Annual Report.

As per Indian Accounting Standards, the accounts of EcoPhos GNFC India Pvt. Ltd. (EGIL), a Joint Venture Company are not required to be consolidated.

#### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS :**

During the year, the Company has neither made any investment in other bodies corporate nor given any Loan or Guarantee or provided any Security in connection with loan to any other body corporate or person.

#### **PARTICULARS OF CONTRACT OR ARRANGEMENT MADE WITH RELATED PARTY :**

The Policy for Related Party Transactions (RPTs) deals with review and approval of RPTs and the same is available on the Company's website at web link <http://www.gnfc.in/aboutus/corporate/policies.html> The Audit Committee has granted Omnibus approval for RPTs, which are routine and repetitive in nature, based on the criteria approved by the Board of Directors within the overall framework of the said policy. All RPTs under omnibus approval are placed periodically before the Audit Committee for its review and approval.

In terms of the Policy on Related Party Transactions, the Company had not entered into any contract or arrangement with related parties, which could be considered "material" (i.e. transactions exceeding 10% of the annual consolidated turnover as per the last Audited Financial Statement entered into individually or taken together with previous transactions during the financial year) during FY 2017-18. Hence, the disclosure of RPTs as required under Section 134(3)(h) of the Act, in Form AOC-2 is not applicable to your company. Suitable Related Party disclosure under Ind AS-24 is also reported in the Note No.40 to the Standalone Financial Statement.

Requisite details on RPTs have also been furnished in the 'Report on Corporate Governance' forming part of this Report.

#### **MEETINGS OF THE BOARD & COMMITTEES THEREOF :**

##### **(i) Board Meeting :**

Five (5) meetings of the Board were held during the year.

##### **(ii) Committees of the Board :**

Currently, there are six Committees of the Board as under:

1. Audit Committee;
2. Stakeholders' Relationship Committee;
3. Nomination and Remuneration Committee;
4. Corporate Social Responsibility Committee;
5. Project Committee; and
6. Human Resource Development Committee.

Details of composition of Board and its Committees, which are mandatorily required to be constituted, major terms of reference of these Committees, meetings held during the year and attendance of Directors at such meetings are provided in "Report on Corporate Governance" forming part of this report.

All the recommendations made by the Audit Committee were accepted by the Board.

**REMUNERATION POLICY FOR DIRECTORS / KEY MANAGERIAL PERSONNEL / SENIOR MANAGEMENT AND OTHER EMPLOYEES :**

The Company has formulated a Nomination, Remuneration & Evaluation Policy as required under Section 178 of the Act and SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015. The details of remuneration paid to Directors / Key Managerial Personnel / Senior Management and other employees are furnished in the Report on Corporate Governance, forming part of this Report.

**PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS :**

The Company has carried out annual performance evaluation of the Board, its Committees and Individual Directors in line with the provisions of the Act and SEBI (LODR) Regulations, 2015.

**BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :**

During the year, Shri Anil Mukim, IAS ceased to be the Director of the Company effective 7th March, 2018.

Shri Sunil Parekh and Shri Piruz Khambatta who were appointed as Independent Directors (IDs) at the 39th AGM held on 26th September, 2015 for a term of three years up to 30th September, 2018, their term of office will expire on that date. They are eligible for re-appointment as IDs in terms of Section 149(10)(11) of the Act. Therefore, suitable resolutions proposing their re-appointment as IDs are included in the Notice of this AGM for your kind approval.

Government of Gujarat (GoG) has vide its Notification dated 12.07.2018 nominated Shri M.S. Dagur as Government Director on the Board for a period of two years from the date he assumes the charge of Managing Director (MD) and withdrawn the nomination of Dr. Rajiv Kumar Gupta, IAS. In accordance with Article 171 of the Articles of Association of the Company, the Board in its meeting held on 9.08.2018, appointed Shri M.S. Dagur as MD w.e.f. 16.07.2018 (i.e. the date of which he assumed the charge). Dr. Rajiv Kumar Gupta, IAS relinquished the charge of MD on 15.07.2018. Accordingly, he ceased to be the Director and MD effective from the said date.

The Members had at their 37th AGM held on 21.09.2013 accorded their consent to the appointment of Dr. Rajiv Kumar Gupta, IAS as MD from 2.05.2013 until further orders from GoG or for five years as per the Companies Act, 2013. Accordingly, the term of Dr. Rajiv Kumar Gupta, IAS as MD had completed on 1.05.2018. In order to formalize the appointment Dr. Rajiv Kumar Gupta, IAS as MD for intervening period from 2.05.2018 to 15.07.2018, the Board had in its meeting held on 9.08.2018 reappointed him as MD.

Necessary resolutions proposing the appointment of Shri M.S. Dagur and re-appointment of Dr. Rajiv Kumar Gupta, IAS as MD as required under the Companies Act, 2013 are included in the Notice of this AGM for your kind approval.

**Retirement of Director(s) by Rotation:**

In terms of Section 152 of the Act, Shri V D Nanavaty, Director will retire by rotation at this AGM and is proposed to be re-appointed thereat.

**Declaration by Independent Directors:**

The Company has received necessary declarations from all Independent Directors under Section 149(7) of the Act and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 to the effect that they meet with the criteria of independence as laid down in the Act and Listing Regulations.

**Change in Directorate :**

The information relating to change in Directorship during the year is furnished in the 'Report on Corporate Governance' forming part of this Report.

Your Directors place on record their deep sense of appreciation for the valuable services rendered by the outgoing Director.

**Key Managerial Personnel :**

During the year under review, there is no change in the Key Managerial Personnel of the Company.

**INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

Pursuant to the applicable provisions of the Act, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends which were required to be transferred by the Company to the IEPF were

transferred by the Company to IEPF Authority. The Company also transferred 15,40,351 Nos. of shares held by 27,868 Shareholders in respect of which dividend amount remained unpaid / unclaimed for a consecutive period of seven years or more to IEPF Authority within stipulated time. The details of unpaid / unclaimed dividend and the shares transferred to IEPF Authority are available on Company's website at web link <http://www.gnfc.in/PDFandWORD/List-of-Shareholders.pdf>

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

A formal Policy against Sexual Harassment of Women at Workplace is in place as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Company has constituted Internal Complaints Committee to redress the complaint(s). No complaint was received during the year.

#### **RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM AND ITS ADEQUACY**

The Company has in place a Risk Management Policy. Under this Policy, various risks pertaining to operations & maintenance of plants, financial and other organizational risks are assessed, evaluated and continuously monitored for taking effective steps for its mitigation. Risk Management Report, inter-alia, containing major anxiety areas of risks and action plan for their mitigation and noteworthy risk management activities carried out by the Company is put-up periodically before meetings of the Audit Committee and Board of Directors for its review.

The Company has adequate internal controls commensurate with the nature of business, size and complexity of its operations. Details of internal control system and its adequacy are furnished in "Management Discussion & Analysis Report", forming part of this Report.

#### **EXTRACT OF ANNUAL RETURN :**

In accordance with Sections 92(3) & 134(3)(a) of the Act, an extract of Annual Return in Form MGT-9 is enclosed as Annexure - A to this Report.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR) :**

In accordance with the requirement of Section 135 of the Act, read with the Companies (CSR Policy) Rules, 2014, the Company has constituted a Corporate Social Responsibility Committee and formulated a CSR Policy. As a responsible corporate, the Company has been undertaking societal activities directly as well as through its CSR arm - Narmadanagar Rural Development Society (NARDES) in the areas which are covered in CSR Policy and Schedule-VII to the Act. During FY 2017-18, the company has spent Rs.838 Lac against the requirement of spending Rs.356.35 Lac towards CSR expenditure. Thus, the Company has spent around 4.70%, which is more than 2% of average Net Profit of last three Financial Years.

CSR Policy is available on the website of the Company at web link <http://www.gnfc.in/aboutus/corporate/policies.html> Annual Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as Annexure - B to this Report.

The Company's exemplary contribution on CSR front has been widely acknowledged and appreciated at various foras as can be seen from the list of Awards listed under 'Awards and Recognitions'.

#### **VIGIL MECHANISM-CUM-WHISTLE BLOWER POLICY :**

The Company has formulated a "Vigil Mechanism-cum-Whistle Blower Policy" for its Directors and Employees to report their genuine concerns, details of which have been furnished in the "Report on Corporate Governance", forming part of this Report.

#### **SIGNIFICANT AND MATERIAL ORDERS :**

There are no significant or material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future.

#### **MANAGEMENT DISCUSSION & ANALYSIS AND REPORT ON CORPORATE GOVERNANCE :**

"Management Discussion & Analysis" on the business and operations of the Company and the Report on Corporate Governance together with the following are attached herewith and form part of this Annual Report.

- Declaration regarding compliance of Company's Code of Conduct by Board Members and Senior Management Personnel.
- Certificate by Practicing Company Secretary on compliance with the conditions of Corporate Governance by the Company.



## BUSINESS RESPONSIBILITY REPORT :

The Company has been conducting its business in such a way that it delivers both long term stakeholders value and benefit society under the approach of "Creating Shared Value". The Company was covered under top 500 listed entities based on market capitalization as on 31.03.2017. Therefore, as required under Regulation 34 of SEBI (LODR) Regulations, 2015, Business Responsibility Report is enclosed as Annexure - C to this Report.

## INFORMATION REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

As required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, requisite information on conservation of energy, technology absorption and foreign exchange earnings and outgo is furnished in enclosed Annexure - D to this Report.

## PARTICULARS OF EMPLOYEES AND REMUNERATION :

The required information under Section 197(12) of the Act read with Rule 5(1)(2)&(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is furnished in enclosed Annexures - E & F to this Report.

## AUDITORS AND AUDITORS' REPORT :

Pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013, M/s SRBC & Co. LLP, Chartered Accountants, a Member Firm of E&Y India were appointed as Statutory Auditors of the Company at the 40th AGM held on 30th September, 2016 for a term of five consecutive years, until the conclusion of 45th AGM to be held in the year 2021, subject to ratification of their appointment at every AGM held thereafter. However, in terms of the Companies Amendment Act, 2017, ratification for appointment of Statutory Auditors is now not required to be made at every AGM when Auditors have been appointed for a term of five years. Hence, resolution for ratification of appointment of Statutory Auditors is not included in the Notice of this AGM.

Notes to Financial Statements (Standalone and Consolidated) forming part of Audited Financial Statements for FY 2017-18 are self explanatory and need no further explanation. The Auditors Reports on Audited Standalone and Consolidated Financial Statements does not contain any modified opinions.

## COST AUDITOR :

The Board of Directors, on the recommendations of Audit Committee, appointed M/s Dalwadi & Associates, Cost Accountant, Ahmedabad, as the Cost Auditor of the Company for a period of three years from FY 2017-18 to 2019-20 at a remuneration of Rs.3.80 Lac per annum for FY 2017-18 and thereafter increase of 10% every year up to FY 2019-20 plus out of pocket expenses and statutory levies.

In accordance with Section 148 of the Act read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014, the remuneration of Rs.4.18 Lac per annum payable to Cost Auditor for FY 2018-19 is subject to ratification by the Shareholders at the AGM. Therefore, a suitable Resolution in this regard is included in Notice of this AGM for your kind approval.

The Company had e-filed the Cost Audit Report for FY 2016-17 with the Ministry of Corporate Affairs (Cost Audit Branch) on 1st September, 2017. The due date of filing the said Report was 30th September, 2017.

## SECRETARIAL AUDITOR :

As required under Section 204 of the Act and the Rules made thereunder, the Board of Directors has appointed M/s J.J. Gandhi & Co., Practicing Company Secretaries, Vadodara as Secretarial Auditor for FY 2017-18. The Secretarial Audit Report in Form MR-3 in respect of Secretarial Audit work carried out by the Secretarial Auditors for FY 2017-18 is enclosed as Annexure - G.

In respect of qualifications mentioned in the Secretarial Audit Report, the comments are under:

- (i) In order to have proper composition of the Board, as per Regulation 17(1) of SEBI (LODR) Regulations, 2015, during the first three quarters of FY 2017-18, the Company made all out efforts for identifying / selecting one more Independent Director having relevant expertise and experience with appropriate balance of skill and knowledge. However, the Board of the company was properly constituted from the fourth quarter.
- (ii) The Board Meeting on 29th May, 2017 held after a gap of 125 days against maximum permissible gap of 120 days as per Section 173 of the Companies Act, 2013 was due to slight delay in finalization of Annual Accounts for FY 2016-17 on account of adoption of Indian Accounting Standards (Ind AS).

**DIVIDEND DISTRIBUTION POLICY :**

As per Regulation 43A of SEBI (LODR), 2016, the Company has formulated Dividend Distribution Policy, inter-alia, setting-out the parameters and circumstances that will be taken into account while determining the distribution of dividend to the shareholders and / or retaining profits by the Company. This policy is enclosed as Annexure - H and the same is also available on the Company's website at web link <http://www.gnfc.in/PDFandWORD/Dividend-Distribution-Policy.pdf>

**DISCLOSURE ON COMPLIANCE OF SECRETARIAL STANDARDS :**

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government.

**DETAILS OF FRAUDS, IF ANY, REPORTED BY THE AUDITORS :**

During the year, there was no fraud to be reported by Auditors under Section 143(12) of the Act.

**FIXED DEPOSITS :**

The Company has not accepted any Fixed Deposit during the year.

**INSURANCE**

The properties and insurable assets and interest of the Company such as buildings, plants & machineries and stocks amongst others, are adequately insured. As required under Public Liability Insurance Act, 1991, the Company has also taken necessary insurance cover.

**INDUSTRIAL RELATIONS**

Industrial relations during the year under review have remained extremely cordial and harmonious. Your Company has been able to function efficiently because of the culture of professionalism, creativity, integrity and continuous improvement in all major business areas as well as efficient utilization of Company's resources for sustainable and profitable growth.

Your Directors wish to express their deep sense of gratitude for the efficient and loyal services rendered by each and every employee at all levels, without whose whole hearted efforts, overall splendid performance would have not been possible and also look forward the bright future of your Company with confidence.

**ACKNOWLEDGEMENTS**

The Board of Directors wish to place on record their deep sense of gratitude for the kind support and guidance received from Government of India and Government of Gujarat. Your Directors also take this opportunity of extending their wholehearted thanks to all our Consumers, Dealers, Customers, Banks, Business Associates, SEBI, NSDL, CDSL, Stock Exchanges and other Agencies for their continued support and co-operation and valued Investors for strengthening their bond with the Company.

**For and on behalf of the Board of Directors,**

**Dr. J.N. Singh**  
Chairman

Dated : 9th August, 2018

**FORM NO. MGT - 9**  
**EXTRACT OF ANNUAL RETURN**

Annexure - A

As on financial year ended on 31.03.2018

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management &amp; Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

1.	CIN	L24110GJ1976PLC002903
2.	Registration Date	10th May, 1976
3.	Name of the Company	Gujarat Narmada Valley Fertilizers & Chemicals Limited
4.	Category/Sub-category of the Company	Public Company- Limited by Shares
5.	Address of the Registered office and contact details	P.O: Narmadanagar-392 015, Dist.: Bharuch, Gujarat Tele No. (02642) 247001, Fax No. (02642) 247084, email-investor@gnfc.in
6.	Whether listed company (Yes / No)	Yes
7.	Name, Address and contact details of the Registrar & Transfer Agent, if any.	The Company is carrying out entire work relating to share registration and related services in-house through its Investor Service Centre at the Registered office of the Company.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main	NIC / HS Code of the Product / Service / products / services	% to total turnover of the company
1.	Neem Urea	NIC Code : 20121	21.73 % (including amount of subsidy)
2.	Toluene Di-Isocyanate (TDI)	HS Code : 2929102	26.33 %

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl.No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary /Associate 31.03.2018	% of shares held as at	Applicable Section
1.	Gujarat Green Revolution Co. Ltd. Fertilizernagar Township PO : Fertilizernagar - 391 750 District - Vadodara, Gujarat	U63020GJ1998PLC035039	Associate	46.87%	Section 2(6)
2.	Gujarat Ncode Solutions Limited 14th Floor, Gift One Tower, Gift City, Gandhinagar - 382 355, Gujarat.	U72900GJ2017PLC095993	Subsidiary	100%	Section 2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>A Promoters</b>									
1. Indian									
a. Individual/ HUF	-	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt(s)	-	-	-	-	-	-	-	-	-
d. Bodies Corporate	64006213	500*	64006713	41.18	64006713		64006713	41.18	-
e. Banks/ FIs	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1):-</b>	<b>64006213</b>	<b>500*</b>	<b>64006713</b>	<b>41.18</b>	<b>64006713</b>		<b>64006713</b>	<b>41.18</b>	<b>-</b>

	Category of Shareholders (1)	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year (10)
		Demat (2)	Physical (3)	Total (4)	% of Total Shares (5)	Demat (6)	Physical (7)	Total (8)	% of Total Shares (9)	
<b>2</b>	<b>Foreign</b>									
a.	NRIs-Individuals	-	-	-	-	-	-	-	-	-
b.	Other- Individuals	-	-	-	-	-	-	-	-	-
c.	Bodies Corporate	-	-	-	-	-	-	-	-	-
d.	Banks/ FIs	-	-	-	-	-	-	-	-	-
e.	Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A)(2) :-</b>	-	-	-	-	-	-	-	-	-
	<b>Total Shareholding of Promoters (A) = (A)(1)+ (A)(2)</b>	<b>64006213</b>	<b>500*</b>	<b>64006713</b>	<b>41.18</b>	<b>64006713</b>		<b>64006713</b>	<b>41.18</b>	<b>-</b>
<b>B</b>	<b>Public Shareholding</b>									
<b>1.</b>	<b>Institutions</b>									
a.	Mutual Funds	7806824	10150	7816974	5.03	7010931	9500	7020431	4.52	-0.51
b.	Banks/ FIs	17027067	16506	17043573	10.97	16379855	14347	16394202	10.55	-0.42
c.	Central Govt.	-	-	-	-	-	-	-	-	-
d.	State Govt.(s)	-	-	-	-	-	-	-	-	-
e.	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f.	Insurance Companies	-	-	-	-	-	-	-	-	-
g.	FIs	418073	1250	419323	0.27	50	800	850	-	-0.27
h.	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i.	Others (FPIs)	20553326	-	20553326	13.22	14528890	-	14528890	9.35	-3.87
	<b>Sub-total (B)(1):-</b>	<b>45805290</b>	<b>27906</b>	<b>45833196</b>	<b>29.50</b>	<b>37919726</b>	<b>24647</b>	<b>37944373</b>	<b>24.42</b>	<b>-5.08</b>
<b>2.</b>	<b>Non- Institutions</b>									
a.	Bodies Corporate									
	(i) Indian	4248164	29827	4277991	2.75	6542919	22084	6565003	4.22	1.47
	(ii) Overseas	-	700	700	-	-	700	700	-	-
b.	Individuals									
	(i) Individual shareholders holding nominal share capital upto Rs.1 lakh	20907910	10494316	31402226	20.20	25932844	8659860	34592704	22.26	2.06
	(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	7931517	217984	8149501	5.24	9365569	217984	9583553	6.17	0.93
c.	Others									
(i)	Trusts	193373	-	193373	0.12	155991	-	155991	0.10	-0.02
(ii)	Co-op Societies	600	351892	352492	0.23	600	339650	340250	0.22	-0.01
(iii)	Clearing Members Pool A/c	944374	-	944374	0.61	570832	-	570832	0.37	-0.24
(iv)	Unclaimed Suspense A/c	166977	-	166977	0.11	44573	-	44573	0.03	-0.08
	<b>Sub-total (B)(2)</b>	<b>34392915</b>	<b>11094719</b>	<b>45487634</b>	<b>29.27</b>	<b>44153679</b>	<b>9240278</b>	<b>53393957</b>	<b>34.35</b>	<b>5.08</b>
	<b>Total Public shareholding (B) = (B)(1) + (B)(2)</b>	<b>80198205</b>	<b>11122625</b>	<b>91320830</b>	<b>58.76</b>	<b>82073405</b>	<b>9264925</b>	<b>91338330</b>	<b>58.77</b>	<b>0.01</b>
<b>C</b>	<b>Shares held by Custodian for GDRs</b>	<b>91240</b>	<b>-</b>	<b>91240</b>	<b>0.06</b>	<b>73740</b>	<b>-</b>	<b>73740</b>	<b>0.05</b>	<b>-0.01</b>
	<b>Grand Total (A+B+C)</b>	<b>144295658</b>	<b>11123125</b>	<b>155418783</b>	<b>100.00</b>	<b>146153858</b>	<b>9264925</b>	<b>155418783</b>	<b>100.00</b>	<b>0.00</b>

\* 500 shares held by Ex-Director jointly with promoters (GSIL Ltd) as Qualification Shares.



**ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding 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.	Gujarat State Investments Limited	33227546	21.38	-	33227546	21.38	-	-
2.	Gujarat State Fertilizers & Chemicals Ltd	30779167	19.80	-	30779167	19.80	-	-
<b>Total</b>		<b>64006713</b>	<b>41.18</b>	<b>-</b>	<b>64006713</b>	<b>41.18</b>	<b>-</b>	<b>-</b>

**iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	64006713	41.18	64006713	41.18
2.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
3.	At the end of the year	64006713	41.18	64006713	41.18

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

Sr. No.	Name of Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>1</b>	<b>Life Insurance Corporation of India</b>				
	At the beginning of the year	11791612	7.59	11791612	7.59
	Bought during the year	-	-	11791612	7.59
	Sold during the year	-	-	11791612	7.59
	At the end of the year	11791612	7.59	11791612	7.59
<b>2</b>	<b>Fidelity Puritan Trust - Low Priced Stock Fund</b>				
	At the beginning of the year	12300000	7.91	12300000	7.91
	Bought during the year	-	-	12300000	7.91
	Sold during the year	6622935	4.26	5677065	3.65
	At the end of the year	5677065	3.65	5677065	3.65
<b>3</b>	<b>General Insurance Corporation of India</b>				
	At the beginning of the year	4276025	2.75	4276025	2.75
	Bought during the year	-	-	4276025	2.75
	Sold during the year	665335	0.43	3610690	2.32
	At the end of the year	3610690	2.32	3610690	2.32
<b>4</b>	<b>Reliance Capital Trustee Co. Ltd. A/c Reliance Mid-Small Cap Fund</b>				
	At the beginning of the year	3136386	2.02	3136386	2.02
	Bought during the year	-	-	3136386	2.02
	Sold during the year	900000	0.58	2236386	1.44
	At the end of the year	2236386	1.44	2236386	1.44

Sr. No.	Name of Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
5	<b>Aditya Birla Sun Life Trustee Company Private Limited A/C Aditya Birla Sun Life Pure Value Fund</b>				
	At the beginning of the year	1199596	0.77	1199596	0.77
	Bought during the year	1376000	0.89	2575596	1.66
	Sold during the year	634000	0.41	1941596	1.25
	At the end of the year	1941596	1.25	1941596	1.25
6	<b>Dolly Khanna</b>				
	At the beginning of the year	1581099	1.02	1581099	1.02
	Bought during the year	241598	0.16	1822697	1.17
	Sold during the year	242495	0.16	1580202	1.02
	At the end of the year	1580202	1.02	1580202	1.02
7	<b>Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Small and Midcap Fund</b>				
	At the beginning of the year	-	-	-	-
	Bought during the year	1050000	0.68	1050000	0.68
	Sold during the year	-	-	1050000	0.68
	At the end of the year	1050000	0.68	1050000	0.68
8	<b>The New India Assurance Company Limited</b>				
	At the beginning of the year	790613	0.51	790613	0.51
	Bought during the year	-	-	790613	0.51
	Sold during the year	-	-	790613	0.51
	At the end of the year	790613	0.51	790613	0.51
9	<b>Fidelity Group Trust For Employee Benefit Plans Fidelity Low-Priced Stock Commingled Pool</b>				
	At the beginning of the year	-	-	-	-
	Bought during the year	761848	0.49	761848	0.49
	Sold during the year	-	-	761848	0.49
	At the end of the year	761848	0.49	761848	0.49
10	<b>Dimensional Emerging Markets Value Fund</b>				
	At the beginning of the year	777222	0.50	777222	0.50
	Bought during the year	14117	0.01	791339	0.51
	Sold during the year	37600	0.02	753739	0.48
	At the end of the year	753739	0.48	753739	0.48

Notes : 1. The above information is based on the weekly beneficiary position receive from Depositories.  
2. The reason for increase or decrease in shareholding is due to market sale or purchase of shares.

**v) Shareholding of Directors and Key Managerial Personnel : @**

Sl. No.	Name of Director and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
DIRECTOR / KEY MANAGERIAL PERSONNEL					
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	-	-	-	-

@ None of Directors and Key Managerial Personnel of the Company holds any shares of the Company.

## V) INDEBTEDNESS

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

(Rs in Crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1556.41	407.98	-	1964.39
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.87	11.12	-	11.99
<b>Total (i + ii + iii)</b>	<b>1557.29</b>	<b>419.10</b>	<b>-</b>	<b>1976.38</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	1870.78	2184.50	-	4055.28
• Reduction	3192.08	2523.65	-	5715.73
<b>Net Change</b>	<b>(1321.30)</b>	<b>(339.16)</b>	<b>-</b>	<b>(1660.45)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	235.12	68.82	-	303.94
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.53	10.50	-	11.03
<b>Total (i + ii + iii)</b>	<b>235.65</b>	<b>79.32</b>	<b>-</b>	<b>314.97</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD / Manager	Total Amount (in Rs.)
		Dr. Rajiv Kumar Gupta, IAS-(MD)*	
1.	Gross salary	Nil	Nil
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	Nil	Nil
	(b) Value of perquisites u/s 17(2) of Income-Tax Act, 1961	Nil	Nil
	(c) Profits in lieu of salary under Section 17(3) of Income-Tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission • as % of profit • others, specify...	Nil	Nil
5.	Others, please specify	Nil	Nil
	<b>Total (A)</b>	<b>Nil</b>	<b>Nil</b>
	Ceiling as per the Act	<b>Not Applicable</b>	

\*Appointment of Managing Director (MD) is made by the Board in consultation with the Government of Gujarat (GoG) and usually he/she is from IAS cadre. MD is paid remuneration as per the terms and conditions prescribed and notified by the GoG and as determined by the Board of Directors and in line with Schedule-V and other applicable provisions of the Companies Act, 2013, subject to the approval of Shareholders. Dr. Rajiv Kumar Gupta, IAS, Addl. Chief Secretary to GoG is holding additional charge of the post of MD of the Company. No remuneration was paid to him for holding additional charge of MD.

### B. Remuneration to other Directors

No.	Particulars of Remuneration	Name of Directors				Total Amount in Rs.
1.	<b>Independent Directors</b>	<b>Shri CS Mani</b>	<b>Prof. Arvind Sahay</b>	<b>Shri Piruz Khambatta</b>	<b>Shri Sunil Parekh</b>	
	Fee for attending board/committee meetings	2,35,000	100,000	-	2,35,000	5,70,000
	Commission	-	-	-	-	
	Others, please specify	-	-	-	-	
	<b>Total (1)</b>	<b>2,35,000</b>	<b>100,000</b>	<b>-</b>	<b>2,35,000</b>	<b>5,70,000</b>

No.	Particulars of Remuneration	Name of Directors				Total Amount in Rs.
2.	Other Non-Executive Directors	Dr. JN Singh*	Shri Anil Mukim <sup>*1</sup>	Smt. Mamta Verma*	Shri V D Nanavaty	
	Fee for attending board/ committee meetings	45,000	55,000	1,75,000	40,000	3,15,000
	Commission	-	-	-		-
	Others, please specify	-				-
	<b>Total (2)</b>	<b>45,000</b>	<b>55,000</b>	<b>1,75,000</b>	<b>40,000</b>	<b>3,15,000</b>
	<b>Total (B)=(1+2)</b>					<b>8,85,000</b>
	<b>Total Managerial Remuneration</b>					<b>8,85,000</b>
	Overall Ceiling as per the Act					<b>Not Applicable</b>

**Notes:**

- Remuneration to other Directors are paid by way of sitting fees only for attending the meetings of the Board of Directors and Committees thereof.

\* Amount Deposited in Government Treasury

<sup>1</sup> Ceased to be a Director effective 07.03.2018

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTB**

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		CS T.J. Lakhmapurkar	CFO D.V.Parikh	Total
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of Income-Tax Act, 1961	1,989,179/-	2,072,328/-	4,061,507/-
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	236,190/-	338,226/-	574,416/-
	(c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	• as % of profit	-	-	-
	• others, specify.	-	-	-
5.	Others, please specify			
	PF Contribution	102,070/-	95,610/-	197,680/-
	Pension Contribution	-	-	-
	<b>Total</b>	<b>2,327,439/-</b>	<b>2,506,164/-</b>	<b>4,833,603/-</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act, 2013 against the company or its directors or other officers in default if any, during the year.

## ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2017-18

(Pursuant to Section 135 of the Companies Act, 2013 read with Rule 9 of Companies (Accounts) Rules, 2014 and Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014)

### 1. Brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to CSR Policy and Projects or Programs :

The Board of Directors, upon recommendation of CSR Committee approved the CSR policy of the company in its meeting held on 30-01-2015.

CSR Policy provides a guideline of the methodologies and areas for choosing and implementing the Company's CSR projects. The major sectors covered under the said policy include Education, Health care, Rural Infrastructure sanitation and self-employment generation, Vocational Skills, Empowerment of women and youth, Environment Sustainability, Protection and development of National Heritage, Art Culture, Public Libraries etc.

The above areas are mapped up with the activities prescribed in Schedule-VII to the Companies Act, 2013. The company's CSR Projects / activities are implemented through its CSR arm "Narmadanagar Rural Development Society" (NARDES) or directly by the company. The CSR policy of the company is displayed on company's website at link - <http://www.gnfc.in/corporate-social-responsibility.html>

### 2. Composition of the CSR Committee:

CSR Committee presently comprises of following 3 (three) Directors:

- i. Prof. Arvind Sahay : Chairman (Non Executive and Independent Director)
- ii. Shri Sunil Parekh : Member (Non Executive and Independent Director)
- iii. Dr. Rajiv Kumar Gupta, IAS : Member / Managing Director (Executive and Non Independent Director)

	Particulars	Amount (Rs. In Lakh)
3.	Average Net Profit of the Company for last three Financial Years	17817.5
4.	Prescribed CSR Expenditure (2% of the amount as shown in Item 3 above)	356.35
5.	<b>Details of CSR spent during the financial year</b>	
	Total amount to be spent for the financial year	356.35
	a) Total amount spent for the financial year	838
	b) Amount unspent, if any	Nil

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

(Rs. in Lakh)

Sr. No.	CSR Project or activity identified	Sectors in which the project is covered	Project or Program		Amount outlay (Budget) project or programs wise	Amount spent on the project or programs wise		Cumulative expenditure upto the reporting period	Amount spent	
			Local Area or other	State and district where projects or programs was undertaken		Direct expenditure on Projects or programs	Over-heads		Direct	Through implementing agency
1	2	3	4		5	6		7	8	
1	Digital Initiative on Social Media for Swachhh Bharat Abhiyan	Rural Development Preventive Health Care and Sanitation	Other	Gujarat State as a whole	34	34	.....	34	.....	Narmada nagar Rural Development Society (NARDES)
2	The Neem Project	Livelihood Project	Other	Gujarat State as a whole	121.5	121.5	.....	121.5	.....	
3	Bee Keeping Project	Livelihood Project	Other	Kutch & Aravalli District	18	18	.....	18	.....	



(Rs. in Lakh)

Sr. No.	CSR Project or activity identified	Sectors in which the project is covered	Project or Program		Amount outlay (Budget) project or programs wise	Amount spent on the project or programs wise		Cumulative expenditure upto the reporting period	Amount spent	
			Local Area or other	State and district where projects or programs was undertaken		Direct expenditure on Projects or programs	Over-heads		Direct	Through implementing agency
1	2	3	4		5	6		7	8	
4	Maa Narmada Mahotsav Project 2017	Environmental Sustainability & conservation of natural resources and maintaining quality of soil, air & water	Other	Gujarat State as a whole	234	234	.....	234	.....	Narmada nagar Rural Development Society (NARDES)
5	Bhadbhut Barrage Project		Other	Bharuch District, Gujarat State	311	311	.....	311	.....	
6	Providing of Tarpaulin during Flood in Banaskantha District	Rural Development Projects	Other	Banaskantha and Patan District of Gujarat State	10	10	.....	10	.....	
7	Organising various awareness, educational & cultural program	Education Projects, Art & Culture	Other	Gujarat State as a whole	5.5	5.5	.....	5.5	.....	
8	Development initiatives in nearby villages of Bharuch	Rural Development Projects	Other	Bharuch District, Gujarat State	30	30	.....	30	.....	
9	CSR Reserve fund for any other initiative	Rural Development, Preventive Health Care, Education Projects, etc.	Other	Gujarat State as a whole	74	74	.....	74	.....	
TOTAL					838	838		838		

**6. In case, the Company has failed to spend the two percent of 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 :**

During FY 2017-18, the company has spent more than 2% of Average Net Profit of last three financial years i.e. around 4.70%.

**7. Responsibility Statement of CSR Committee:**

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Prof. Arvind Sahay  
(Chairman - CSR Committee)

Dr. Rajiv Kumar Gupta, IAS  
(Managing Director)

**BUSINESS RESPONSIBILITY REPORT - 2017-18**  
**SECTION - A : GENERAL INFORMATION ABOUT THE COMPANY**

1	Corporate Identity Number (CIN) of the Company	L24110GJ1976PLC002903
2	Name of the Company	Gujarat Narmada Valley Fertilizers & Chemicals Limited
3	Registered Address	P.O. : Narmadanagar - 392 015, District : Bharuch, Gujarat
4	Website	www.gnfc.in
5	E-mail id	investor@gnfc.in
6	Financial Year reported	2017-18
7	Sector(s) that the Company is engaged in (industrial activity code-wise) (As per National Industrial Classification - Ministry of Statistics and Programme Implementation)	
	<b>Industrial Group</b>	<b>Description</b>
	201	Manufacture of basic Chemicals, Fertilizers and Nitrogen Compounds.
	202	Manufacture of other Chemical products
	631	Data processing, hosting and related activities, web portals.
	639	Other information service activities.
	620	Computer Programming, Consultancy and related activities.
8	List three key products / services that the Company manufactures / provides (as in balance sheet)	<ul style="list-style-type: none"> <li>• Urea</li> <li>• Toluene Di-Isocyanate (TDI)</li> <li>• Acetic Acid</li> </ul>
9	Total number of locations where business activity is undertaken by the Company.	
	1. Number of International Locations	Nil
	2. Number of National Locations	4 (Four) <b>Bharuch :</b> PO : Narmadanagar - 392015 District : Bharuch. <b>Dahej :</b> Plot No.D-II/8, Dahej-II Industrial Estate At & PO : Rahiyad, Taluka : Dahej, District : Bharuch <b>Ahmedabad :</b> GNFC Infotower, 3rd Floor, Bodakdev, Gandhinagar-Sarkhej Highway, Ahmedabad-380 054 <b>Gandhinagar :</b> GIFT City, 14th Floor, GIFT One, Road, 5-C Zone-5, Gandhinagar - 382355.
10	Markets served by the Company - Local / State / National / International	The Company sells its products in Domestic and International Markets.

### SECTION - B : FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	Rs.155.42 Crore
2	Total Turnover (INR)	Rs.5916.59 Crore
3	Total Profit After Taxes (INR)	Rs.789.48 Crore
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Rs.8.38 Crore (4.70 % of the average Net Profit of the Company for the last three financial years)
5	List of activities in which expenditure in 4 above has been incurred:-	
	1. Livelihood Generation	
	2. Environmental sustainability and conservation of Natural resources and maintaining quality of soil, air and water	
	3. Education	
	4. Rural Development Projects, preventive health care and sanitation	
	5. Drinking Water and Irrigation	
	6. Flood relief activities	
	7. Protection and Development of National Heritage, Art & Culture	
	8. Health Care	

### SECTION - C: OTHER DETAILS

1	Does the Company have any Subsidiary Company ? Yes. The Company has one Wholly Owned Subsidiary viz. Gujarat Ncode Solutions Limited.
2	Do the Subsidiary Company participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s). No. The Subsidiary Company has so far not commenced its business operations.
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. However, the Company would like to deal with the parties / entities who have willingness to be the part of BR initiatives.

### SECTION - D: BR INFORMATION

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

(a) Details of the Director responsible for implementation of the BR policy.

As resolved by the Board, the Managing Director, Company Secretary and Chief Financial Officer are jointly and / or severally responsible for implementation of BR Policy.

DIN	Name	Designation
01622222	Shri M.S. Dagur	Managing Director
03125549	Shri T.J. Lakmapurkar	Company Secretary
07653680	Shri D.V. Parikh	Chief Financial Officer

(b) Details of the BR Head.

Sr. No.	Particulars	Details
1	DIN Number	01622222
2	Name	Shri M.S. Dagur
3	Designation	Managing Director
4	Telephone number	02642-247129
5	E-mail id	md@gnfc.in

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

The National Voluntary Guidelines provide the following nine principles.

- |   |                                    |
|---|------------------------------------|
| Principle 1: Ethics, Transparency and Accountability [P1] | Principle 6: Environment [P6]      |
| Principle 2: Products Lifecycle Sustainability [P2]       | Principle 7: Policy Advocacy [P7]  |
| Principle 3: Employees' Well-being [P3]                   | Principle 8: Inclusive Growth [P8] |
| Principle 4: Stakeholder Engagement [P4]                  | Principle 9: Customer Value [P9]   |
| Principle 5: Human Rights [P5]                            |                                    |

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for.. (Please refer relevant Notes below table)	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Yes. While there may not be formal consultation with all stakeholders, relevant policies / procedures have evolved over a period of time by taking inputs from concerned stakeholders.								
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The spirit and contents of policies, laws and standards are based on and are in compliance with applicable regulatory requirements.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board of Director?	Yes. The policies which are required to be approved by the Board have been approved by Board. Internal Policies like Safety, Environment, etc., are signed by Managing Director or authorized signatories.								
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	The Company's officials / concerned department oversee the implementation of policy.								
6.	Indicate the link for the policy to be viewed online?	Web link is provided in Directors' Report and Report on Corporate Governance.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	During the course of business discussions / negotiations / dialogues with internal and external stakeholders, the contents of the policies are discussed. Communication of statutory policy is done through display on company's website.								
8.	Does the Company have in-house structure to implement the policy/ policies?	The Company has adequate in-house structure for implementation of policy.								
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes. For redressal of stakeholders' grievance, the Company has a designated e-mail ID investor@gnfc.in								
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	No, Independent Audit for some policy(ies) is done by external Agency e.g. Safety and Environmental Audit, Audit of ISO14001 and OHSAS 18001.								

### Notes for Column No. 1 :

- P-1 Note 1:** This forms part of the Service Rules / Procedures of the Company, which is applicable to all employees. Besides, the Company has formulated Vigil Mechanism-cum-Whistle Blower Policy for Directors and Employees to report their genuine concern and provide for adequate safeguards against victimization of persons who use such mechanism. The Company has in place a separate Code of Conduct (CoC) for Directors and Senior Management Personnel, which inter-alia provides that they shall observe the highest standards of ethical conduct & integrity and shall work to the best of their ability and judgement.

- P-2 Note 2:** As such, there is no formal policy for products life cycle sustainability but Company follows all the good practices in respect of products life cycle sustainability in consonance with generally accepted principles.
- P-3 Note 3:** The Company has formulated certain Policies, Rules, Schemes for the wellbeing of employees, which inter-alia includes medical rules, sexual harassment policy, TA-HA Rules, issue of welfare items, etc.
- P-4 Note 4:** The Company has devised Policies / Procedures / Rules for various stakeholders aligning with generally accepted principles and governance framework. This takes care of interest of various stakeholders.
- P-5 Note 5:** This forms part of Standing Orders and Company's Service Rules applicable to staff and officer employees. The company is dedicated to upholding the human rights of all its internal / external stakeholders.
- P-6 Note 6:** The Company has framed Environment & Energy Policy in accordance with Energy Conservation Act, 2001 and Environmental Laws.
- P-7 Note 7:** As such, no specific policy for this principle has been designed. However, certain aspect of this principle is covered under Marketing Procedures / Systems.
- P-8 Note 8:** The Company has framed a CSR Policy in accordance with the Companies Act, 2013.
- P-9 Note 9:** The Company has in place a purchase procurement manual as also marketing procedures/guidelines and Government Policy for Fertilizers, which is followed across all customers and takes care of certain aspects of this principle.

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

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

### 3. Governance Related to BR :

- (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.
- The Board of Directors periodically assesses the operational, financial and sales performance, etc., of the Company directly as well as through various Committees of the Board. The CSR Committee also review implementation of CSR Projects / Programmes / activities to be undertaken through its CSR Arm i.e. Narmadanagar Rural Development Society (NARDES).
- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?
- In terms of SEBI (LODR) Regulations, 2015, the requirement of publishing BRR in the Annual Report has become applicable to the Company w.e.f. FY 2017-18. The Annual Report 2017-18, inter-alia, containing BR Report would be displayed on the Company's website [www.gnfc.in](http://www.gnfc.in)



## SECTION - E : 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? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?
  - The Company has in place a Vigil Mechanism-cum-Whistleblower Policy to provide a formal mechanism to the Directors and Employees of the company to report their genuine concerns about the unethical behaviour, actual or suspected fraud, etc. The mechanism provides for adequate safeguards against victimization of employees, who use such mechanism.
  - The Company has also in place Code of Conduct for Board Members and Senior Management Personnel which sets ethical standards and provide guidance and help in recognizing and dealing with ethical issues, provide mechanism to report unethical conduct and to help foster a culture of honesty and accountability.
  - In order to further strengthen internal controls for prevention of insider trading, there exists a code of conduct for prevention of insider trading in the Company's shares, which not only satisfy the regulatory requirements but also instills a sense of responsibility among the designated persons.
  - Moreover, the Company has Code of Practices and Procedures for fair disclosure of unpublished price sensitive information (UPSI) with main object of ensuring timely and fair disclosure of UPSI, events, occurrence that could impact price discover in the market for its shares.
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.
  - During FY 2017-18, the Company has received 16 complaints from the shareholders and all the 16 complaints (100%) were satisfactorily resolved. The Company has not received any other Complaint from other Stakeholders.

### **Principle-2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle**

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.
  - Neem coated Urea and Ammonium Nitrophosphate
  - Toluene Di-Isocyanate
  - Ammonium Nitrate
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):
  - (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
  - (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?
 

The details as to energy conservation, saving and utilization of alternate source of energy, technology absorption, etc. is given in Annexure-D to the Directors' Report forming part of this Annual Report.
3. Does the Company have procedures in place for sustainable sourcing (including transportation)?
  - (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.
 

Few major activities of sustainable sourcing are mentioned hereunder:-

    - The Company is continuously initiating various measures towards sustainable sourcing which has significant impact on social and environmental aspects. The Company has entered into long term contract with the parties for sourcing its major raw materials requirements such as Natural Gas, Rock Phosphate, Coal, Fuel Oil, Toluene, Benzene, Caustic Soda, Chlorine, etc. For procurement of other raw materials, the Company has a system in place for on-line registration of Vendors, Suppliers and based on their capabilities, the parties are shortlisted

for procurement of raw materials. The Company has also entered into an Annual Rate Contract (ARC) with various parties so that inputs are available on sustainable basis.

- By setting-up Company's multidimensional socio-economic Neem Project with backward integration of Neem Oil production, the Company has created shared value amongst rural and urban poor people through collection of Neem Seeds, empowering such communities with targeted focus on women empowerment by income generation and improved livelihood. Besides, more than 2.5 Lac people have been benefitted by indirect employment through this Project. As a forward integration, the Company has launched various Neem based products on Commercial basis, the details of which are provided in Directors' Report under the heading "On-Going Projects / Initiatives".
  - The Company has various manufacturing plants, which are integrated with each other. The finished product of one plant is the raw material for another plant. Thus, by virtue of forward and backward integration, there is a consistent supply of raw material / inputs available within the Company.
  - Transportation Contracts are awarded for supply of raw materials and finished products on annual basis after following the due process of selection by the Company.
4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?
- (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?
- Yes. The Company's annual requirements of Packaging materials, Chemicals, etc., are procured from local and small producers / vendors within the vicinity of District and State. In order to sustain the business of small new producers, the Company place the orders on trial basis without compromising the quality and after ensuring their capabilities, opportunities are given to them to execute the large orders.
  - During annual plant shutdown and major interruptions, maintenance / replacement services of various equipments, machinery, etc., is carried out through local service providers.
  - Considering the expertise, experience and credit worthiness of the contractors, tenders are invited for carrying out specific jobs in the plants such as loading ~ unloading of fertilizers, electrical and mechanical and stray jobs, etc. After following due process of selection, the contractors are awarded contracts for carrying out various maintenance jobs.
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 details thereof, in about 50 words or so.
- The Company has installed steam stripper for recovery and reuse of valuable organics coming along with the effluent of Aniline group of plants. Average 50 m<sup>3</sup>/month organics having more than 90% purity is recycled back to the Nitro Benzene plant, which increases the Nitro Benzene production as well as reduces 90% Chemical Oxygen Demand in effluent going for further treatment.
  - The Company had installed Yellow Water Concentration Unit for total recycle and reuse of 40 m<sup>3</sup>/day yellow waste water generated from Di Nitro Toluene (DNT) Plant, which was incinerated in TDI Incinerators. After implementation of this scheme, hazardous waste generation and emission from TDI Incinerators is reduced significantly.
  - Treated effluent is re-used in Lime Slurry preparation and Ash Slurry preparation in Effluent Treatment Plant (ETP) and Boiler Area (total 3000 m<sup>3</sup> per day).
  - On environment front, Nitrophosphate Group of Plant utilizes significant discontinuous effluent in ANP Plant by recycling it and thereby saving valuable nutrients and at the same time improving environment management.
  - Wet Scrubbing System is installed in Nitrophosphate Plant for dust scrubbing and recovery back to process. A facility is installed to recycle Hydrolyser Effluents Water in Ash Slurry preparation and use in Nitrophosphate Plant as a Seal Water.

**Principle 3: Businesses should promote the well-being of all employees**

1.	Total number of employees	2434
2.	Total number of employees on temporary / contractual / casual basis	680
3.	Number of permanent women employees	38
4.	Number of permanent employees with disabilities	25
5.	Do you have an employee association that is recognized by management?	Yes. GNFC Employees Union
6.	Percentage of permanent employees who are members of recognized employee association	57% (as on April 2018)

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

Sr. No.	Category	No of complaints filed during FY	No. of complaints pending as at end of FY
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?

(a)	Permanent Employees	58%
(b)	Permanent Women Employees	68%
(c)	Casual / Temporary / Contractual Employees	27%
(d)	Employees with Disabilities	56%

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

- Has the Company mapped its internal and external stakeholders? Yes/No
  - Yes, the Company has identified and mapped its stakeholders for engagement.
  - The Company has embarked the journey towards sustainability with the objective of building a sustainable business while generating long term value for its stakeholders since its inception. The Company believes that its corporate strategy is inspired by the opportunity to contribute to a more secured and sustainable future through stakeholders engagement. The Company continues its engagement with them through various mechanisms such as consultation, suppliers / vendors meet, customer / employee satisfaction, investment forums, etc.
  - The Company believes that Employees are the assets of the company. We value their dedication and discretionary efforts put-in by them. We always make an endeavour to provide safe, healthy, cultured environment and acknowledge their strength and loyalty towards the company.
  - Customers / Consumers are the life blood of the company's business and we take pride in providing quality and valued services to them.
- Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?
  - Yes. We proactively engage with our stakeholders through different modes in order to understand their issues and concerns.
  - The Company has its CSR intervention in the areas like Education, Health care, Rural Infrastructure, Sanitation and Self-employment generation, Vocational Skills, Empowerment of women and youth, Environment sustainability, Protection and development of National heritage, Art & culture, & Public libraries.
- Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

- While developing our CSR strategy, the Company has ensured that all communities benefit from our CSR activities, with special focus on groups that are socially and economically marginalized, including rural unemployed youth, women, scheduled castes and tribes.
- The Company has framed a Policy for providing employment to the land losers whose land was acquired for establishing various projects. As per the said policy, the Company provides employment to the candidates of land losers directly or indirectly subject to complying company's rules and regulations.

**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 term 'Human Rights' covers a host of aspects including freedom of association, collective bargaining, non-discrimination, gender equality, avoidance of child and forced labour among others.
  - The concept of equality of human beings irrespective of caste, creed, religion, gender etc. has been the basic principle on which the business of GNFC is based on. Human rights are very well weaved with Code of Conduct for Board of Directors and Senior Management Personnel. Various Human Resource Policies, which are in existence respects and promotes human rights. Some of the points like prohibition of child labour and forced labour and workers' right to information are of special importance. Such policies cover only the company.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?
  - Please refer Point No.2 at Principle -1 of this report.

**Principle-6: Business should respect, protect and make efforts to restore the environment.**

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.
  - The Company's Environment Policy is applicable to all the agencies connected to business with GNFC and extends to the Suppliers, Contractors, etc. GNFC practices Quality, Environmental, Health and Safety (QEHS) Policy to ensure safe working environment for the employees & affiliated people.
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.
  - The Company has strategies / initiatives to address global environmental issues such as climate change, global warming, etc. The Company is deeply committed to satisfy its social obligations and has made consistent and effective endeavours for creating better environmental conditions through abatement of pollution and adopting sustainable development practices. With the objective of combating climate change, the Company aligns its business objectives with practices of resource conservation and environment protection. Regular technological initiatives are pressed into service with great vigour to improve and retain the purity of air, water and soil. The Company has always remained in forefront to make the Company green & clean by Landscaping, development of large & beautiful gardens within the complex & in colony and massive green belt.
  - Global environmental issues like global warming are being addressed in Register of Environmental Aspect and Impact under ISO 14001 System.
3. Does the Company identify and assess potential environmental risks? Y/N
  - The Company has identified and assessed potential environmental risks and consistently managed and improved the environmental performance. We are sensitive to our role both as a user of natural resources and as a responsible producer of Fertilizers & Chemicals based products for society. Over the last two decades, our efforts to manage water, energy and material resources have yielded positive results. The manufacturing facilities have established ISO 14001 based Environment Management System. Any deviations from laid down policies and procedures are tracked and reviewed by effective procedures of Corrective Action and Preventive Action (CAPA). The Company has installed online continuous monitoring of Treated effluent discharge parameters, ambient air and stack air emissions

for efficient and better control of pollution. Phosgene, CO, Chlorine, Hydrogen, Gas Detectors are also installed in various process plants for monitoring of gaseous emissions at source and subsequently better control and implementation of proactive corrections.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
  - GNFC's Clean Development Mechanism (CDM) initiatives bear testimony to the drive to reduce greenhouse emissions. The Company had implemented project under CDM for its WNA-I Plant, which helped in reducing the emission of N<sub>2</sub>O, which is highly harmful gas and bears a Global Warming Potential. The CDM project was registered with United Nations Framework Convention on Climate Change. The Company has been able to convert the harmful N<sub>2</sub>O into N<sub>2</sub> by using a special catalyst in the reactor of WNA.
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.
  - Continual adoption of new Technologies and upgradation in the existing process plants is done for energy efficiency, resource conservation and reduction of pollution potential. Use of renewable energy like wind and solar is encouraged at all levels of energy production phases.
  - The Company has been in the forefront in utilizing alternative sources of energy. In this regard, 21 MW of Wind Power Project has been set up in the Kutch Region. Further, Solar Photo Voltaic Power Generation Systems, having total capacity of 300 KW has also been installed at various locations within Company's premises. The Company has also initiated actions for setting-up Solar Power Facility.
6. Are the Emissions/Waste generated by the Company within the permissible limits given by Central Pollution Control Board / State Pollution Control Board (CPCB/SPCB) for the financial year being reported?
  - Yes. Our Company considers compliance to statutory EHS requirements as the minimum performance standard and is committed to go beyond and adopt stricter standards wherever appropriate.
7. Number of show cause / legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as at end of Financial Year.
  - No show cause/legal notices from CPCB/SPCB are pending at the end of financial year.

**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:
  - The Company is a Member of various Industry Associations, major ones amongst them are- (a) Fertilizer Association of India (FAI), (b) Federation of Gujarat Industries, (c) Dahej Industrial Association, (d) Gujarat Safety Council, (e) National Safety Council, (f) Safety, Health and Environment Association, (g) Gujarat Chamber of Commerce & Industry, (h) Gujarat Chemical Association, and (i) All India Management Association.
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; 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).
  - No. However, we are actively involved in debates and discussion related to public policies of fertilizer industry at the FAI forum. We regularly participate in various industry forums, share insights and present viewpoints on issues related to business, environment and society.

**Principle-8: Business should support inclusive growth and equitable development**

1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle-8? If yes, details thereof.
  - Yes, The Company has well defined CSR Policy, which provides a guideline of the methodologies and areas for



choosing and implementing the Company's CSR projects. The major sectors covered under the said policy include - Education, Health care, Rural Infrastructure sanitation and self-employment generation, Vocational Skills, Empowerment of women and youth, Environment Sustainability, Protection and development of National Heritage, Art Culture, Public Libraries.

CSR Committee constituted as per law specifically review CSR Projects / initiatives implemented / to be implemented and provides adequate budget provision for the same.

2. Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?
  - CSR Programmes / Projects / Activities are undertaken directly by the company or through its CSR wing i.e. Narmadanagar Rural Development Society (NARDES).
3. Have you done any impact assessment of your initiative?
  - Yes, the impact assessment is carried out by team of Company's CSR wing i.e. NARDES and outside agencies in selected projects. An impact assessment survey of Neem Project was carried out by United Nations Development Program. This survey concluded that there has been significant decrease in domestic violence, increase in assets creation and education expenditure.
4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?
  - The Company has contributed Rs.838 Lac on the activities like Digital Initiative on Social Media, Neem Project, Bee Keeping Project, Maa Narmada Mahotsav 2017, Bhadbhut Barrage Project, Distribution of Tarpaulin to flood affected people of Banaskantha, Festival of Ruhaniyat 2018, Cultural event to celebrate Ahmedabad as a World Heritage City, Vocational Training Project, Development initiatives in nearby villages, etc.
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.
  - The Company designs the projects / programmes in such a manner that community is able to successfully adopt the project at ground level. The Company's senior officers, Project Implementation Team, regularly meet and conduct regular meetings with Project Beneficiaries, Community Representative, Community Leaders to ensure that these projects should be handled by community, once Company exits from the project.

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

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.
  - No case is pending.
2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/NA/ Remarks(additional information)
  - Yes. The Company displays all information which is mandated by law. Over and above, it also displays additional information relating to products for the awareness of consumers / customers. Product Information Sheet are made available to the Retailers / Dealers of the Company as also displayed on Company's website. Farmers are guided for correct and efficient use of Fertilizers based on Soil analysis so as to improve farm productivity.
3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.
  - No.
4. Did your Company carry out any consumer survey / consumer satisfaction trends?
  - While the Company has not conducted any formal consumer survey / satisfaction trend, the Company monitors and receives feedback and suggestions from customers / consumers through medium like interactions / discussions, etc., at various forums and through personal contacts from time to time.

## ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

[Pursuant to Section 134 (3) (m) of The Companies Act, 2013 read with Rule 8 (3) of The Companies (Accounts) Rules, 2014]

### (A) CONSERVATION OF ENERGY

#### I. Steps taken or impact on Conservation of Energy

The Company framed its Energy Policy in the year 2005 in accordance with Energy Conservation Act, 2001 and the same is in force. The company also complies the Regulations framed by Bureau of Energy Efficiency (BEE), Ministry of Power under Perform Achieve Trade (PAT) mechanism.

Details of various energy saving measures/ schemes implemented during the year are as given below:

##### (a) Ammonia Synthesis gas Generation Plant (ASGP):

- Impeller trimming of solution pump resulting in to annual power saving of 1,90,080 KW.

##### (b) Oil based Ammonia Plant :

- Installation of new improved design inter stage cooler of Ammonia Synthesis compressor, resulting in to annual High Pressure (HP) steam saving of 3,600 MT.

##### (c) Urea Plant :

- Installation of vortex mixer in Urea reactor which has improved conversion efficiency resulting in to annual HP Steam saving of 19,653 MT.

##### (d) Boiler Plant :

- Installation of Boiler flue gas heat recovery by heating Boiler Feed Water resulting in to annual HP steam saving of 21,500 MT.

##### (e) Aniline - TDI Plant :

- Chilled water circuit pumps of Sulphuric Acid Concentration plant were replaced with higher capacity pumps resulting in to annual power saving of 9,110 KW.

##### (f) Formic Acid:

- Energy conservation turbine is installed for energy recovery from Steam let down resulting in to potential annual power generation of 10,69,200 KW.
- Installation of an additional cooling water cell to reduce supply temperature which leads to reduction in cooling water circulation flow resulting in to annual pumping power saving of 5,25,220 KW.

##### (g) Electrical System:

- Replacement of old light fixtures by energy efficient fixtures at plant and corporate areas, resulting in to annual power saving of 2,98,583 KW.

##### (h) Steam Trap and Insulation Survey:

- Steam traps and insulation survey carried out in various plants and corrective action taken for defective traps.

##### (i) Energy Measures under implementation:

- Retrofit of Nitrogen compressor of ASGP with new designed impeller will result in to annual power saving of 43,56,000 KW.
- Retrofit of Ammonia Synthesis compressor and installation of S-300 series Ammonia synthesis basket in Ammonia plant will result in to annual HP steam saving of 52,905 MT.
- Installation of new tube bundle for Soot water cooler in Ammonia plant, will result in to annual HP steam saving of 8,740 MT.
- Installation of Ammonia Pre heater in Urea plant will result in to HP Steam saving of 20,642 MT.
- Installation of Energy Conservation Turbine in Aniline ~ TDI Plant HP letdown station. Annual power generation potential will be 75,24,000 KW.
- Replacement of old light fixtures by LED energy efficient fixtures, will result in to annual power saving of about 8,21,820 KW.

#### II. Steps taken by the Company for utilizing alternate sources of energy:

- During the year, 1,70,796 KW of power was generated through Solar Photo Voltaic power generation systems installed at Corporate Building.

- Wind Power Turbo Generators of 21 MW capacity generated 3,63,49,283 KW of power during the year.

### III. Capital investment on energy conservation equipments:

The Company made total Capital Investment of Rs.5.93 Crore on Energy Conservation Equipments.

### (B) TECHNOLOGY ABSORPTION:

- Efforts in brief, made towards technology absorption
  - Implementation of various modifications schemes carried out in plants lead to safe and reliable operations, improving machine / equipment performance and energy saving.
  - The Company also interacted with know how suppliers / consultants for plant problems and its reliability to sustain productivity and improving plant performance.
- The benefits derived like product improvement, cost reduction, product development or import substitution.  
As a result of above measures, there has been improvement in plant safety, reliability, performance and cost reduction.
- In case of imported technology (Imported during the last three years reckoned from the beginning of the financial year).  
The company has not imported any technology during the last three years.

### RESEARCH & DEVELOPMENT:

#### 1. Specific areas in which R&D carried out by the company:

- Studies & experiments were carried out to develop Slow Release Fertilizers.
- Process developments were carried out for multiple value added products viz. Polyurethane C A S E products, Diesel Emission Fluid for vehicular emissions and development of high value added products from by-products.

#### 2. Benefits derived as a result of the above R&D:

- Development of value added products are import substitutes.
- These process and products have vertical integration and fits in to existing product portfolio of the Company. Savings in payment of Royalty fees to technology providers is another major benefit.

#### 3. Future Plan of Action:

- To scale up Process for pilot production of Slow Release Fertilizers.
- To continue the process of development of value added products and scale up of the same.
- To continue experiments on treatment of Red water and Amine water.

#### iv. Expenditure on Research and Development:

(Rs. In Crore)

No.	Nature of Expenditure	2017-18	2016-17
1.	Capital Expenditure	0.18	0.00
2.	Recurring Expenditure	0.28	0.26
3.	Salaries to R&D Personnel	1.37	1.85
4.	Power and Fuel	0.07	0.04
	<b>Total</b>	<b>1.90</b>	<b>2.15</b>
5.	Total R&D expenditure as percentage of total turn-over	0.0321%	0.0435%
6.	Gross Turn-over	5,916.59	4944.81

### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

#### Total Foreign Exchange used and earned:

(Rs. In Crore)

Particulars	2017-18	2016-17
Foreign Exchange used	408.33	281.33
Foreign Exchange earned	406.33	117.61

**DISCLOSURE PURSUANT TO RULE 5(1) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR FINANCIAL YEAR 2017-18.**

Sr. No.	Requirement	Details																
1	Ratio of remuneration of each director to the median remuneration of the employees of the company.	<p>Non-Executive Directors are paid remuneration by way of Sitting Fees only for attending the Meetings of the Board of Directors and Committee thereof.</p> <p>Appointment of Managing Director (Executive Director) is made by the Board in consultation with Government of Gujarat (GoG) and he/she is usually a Senior IAS Officer. Managing Director (MD) is paid remuneration as per the terms &amp; conditions prescribed and notified by GoG and as determined by the Board, subject to the approval of shareholders, Articles of Association, Companies Act, 2013 and the relevant Rules framed thereunder.</p> <p>Dr. Rajiv Kumar Gupta, IAS, Addl. Chief Secretary to GoG was holding additional charge of MD, has ceased to be the Director &amp; MD of the company effective 15.07.2018, consequent upon withdrawal of nomination by GoG vide its Notification dated 12.07.2018.</p> <p>GoG has vide its said Notification nominated Shri M.S. Dagur, Addl. Chief Secretary as Government Director on the Board. He has been appointed MD by the Board in its meeting held on 9.08.2018 effective 16.07.2018 in place of Dr. Rajiv Kumar Gupta, IAS.</p> <p>No remuneration was paid to Dr. Gupta, IAS for holding additional charge of MD. Shri M.S. Dagur will be paid remuneration as per the terms &amp; conditions as may be prescribed and notified by GoG and as determined by the Board, subject to requisite approvals.</p> <p>In view of the above, details as required to be furnished under this column is not applicable in respect of FY 2017-18.</p>																
2	Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any.	<table><tr><th>Sr. No.</th><th>Director / KMP</th><th>Title</th><th>% increase in remuneration</th></tr><tr><td>1</td><td>Dr. Rajiv Kumar Gupta, IAS @</td><td>MD / CEO</td><td>---</td></tr><tr><td>2</td><td>Shri D. .V Parikh</td><td>CFO</td><td>#</td></tr><tr><td>3</td><td>Shri T.J. Lakhmapurkar</td><td>CS</td><td>##</td></tr></table> <p>@ Ceased to be Director / MD w.e.f. 15.07.2018</p> <p># The percentage increase in remuneration in case of CFO is not comparable with that of previous year 2016-2017 as he was appointed as CFO w.e.f 01.02.2017.</p> <p>## The percentage increase in remuneration in case of CS is not comparable with that of previous year 2016-2017 as he was appointed as CS w.e.f 01.12.2016.</p> <p>Non Executive Directors are paid only sitting fees for attending the Board / Committee Meetings.</p>	Sr. No.	Director / KMP	Title	% increase in remuneration	1	Dr. Rajiv Kumar Gupta, IAS @	MD / CEO	---	2	Shri D. .V Parikh	CFO	#	3	Shri T.J. Lakhmapurkar	CS	##
Sr. No.	Director / KMP	Title	% increase in remuneration															
1	Dr. Rajiv Kumar Gupta, IAS @	MD / CEO	---															
2	Shri D. .V Parikh	CFO	#															
3	Shri T.J. Lakhmapurkar	CS	##															
3	Percentage increase in the median remuneration of employees.	1.86% considering employees who were in employment for the whole of FY 2016-17 & FY 2017-18.																
4	Number of permanent employees on the rolls of Company at the end of the year.	2435																

5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	<p>Average percentile increase made in the salary of the employees other than Key Managerial Personnel (KMP) in FY 2017-18 was 3.43% whereas there was decrease in remuneration of KMP to 66.65%.</p> <p>The percentile decrease in the remuneration of KMP in comparison with remuneration of other employees is due to terminal benefits of Gratuity and Leave Encashment given to ex-KMP (CS and CFO) upon their retirement from the services of the company.</p> <p>Shri D. V. Parikh was appointed as CFO w.e.f 01.02.2017 and Shri T. J. Lakhmapurkar was appointed as CS w.e.f 01.12.2016.</p>
6	Affirmation that the remuneration is as per the remuneration policy of the company.	The company has different grades of remuneration to KMP, Senior Management and other employees. The remuneration paid to them is as per the grade in which they are employed and as per the terms of their appointment.



**STATEMENT SHOWING THE PARTICULARS OF EMPLOYEES OF THE COMPANY PURSUANT TO SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULES 5(2) & (3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES 2014**

Sr. No.	Name (S/Shri)	Age (Yrs.)	Qualification	Total Exp.(Yrs.)	Designation	Remuneration Received (Rs.)	Date of Joining	Last Employment held
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>A. Employees who were employed throughout the financial year and was in receipt of remuneration for the year which in the aggregate was not less than Rs.1,02,00,000/-</b>								
- None -								
<b>B. Employees who were employed for a part of the financial year and were in receipt of remuneration for any part of that year at the rate which in the aggregate was not less than Rs. 8,50,000/- per month</b>								
1	A N Vilayatwala	60	B.Com., LLB(G)	38	Sr. Manager	4,719,916	16/7/1981	Trade Apprentice (BK & A/cs) - GSFC Ltd.
2	A S Somani	60	B.Sc./M.Sc.(Agri)	34	Sr. Marketing Manager	3,023,028	14/9/1983	Project Incharge - Hanuman Vitamin Foods Pvt. Ltd.
3	B C Chaudhari	60	B.Com.	39	Manager	2,594,798	24/12/1981	Transport Supervisor - Uma Transport Company
4	B D Thakar	60	BA	39	Sr. Officer	3,522,027	29/12/1981	Supervisor (Logistics) - IG Desai & Company
5	B M Patel	60	B.Sc., M.Sc.	36	Sr. Manager	3,975,061	16/5/1983	Lab. Technician Trainee - GNFC Ltd.
6	B S Limbachia	60	NCTVT(Machinist), ITI(Machinist)	39	Sr. Technician(M)	2,904,790	6/11/1979	ITI (Machinist) Trainee - GNFC Ltd.
7	B T Patel (Late)	59	DEE	38	Sr. Manager	3,183,093	11/8/1980	Electrical Supervisor (on Daily Wage) - GNFC Ltd.
8	C D Chauhan	60	BA, MBA(HRM)	40	Manager	3,084,471	21/12/1977	Typist-cum-Teleprinter Oprtr. - Gujarat Glass Pvt. Ltd., Kosamba
9	C K Patel	60	B.Sc.	35	Sr. Operator	2,607,660	27/9/1984	Plant Operator - Indu Nissan Oxo Chemical Ind. Ltd., Vadodara
10	D B Patel	60	NCTVT, ITI(Fitter)	39	Foreman	3,527,659	6/11/1979	ITI(Fitter) Trainee - GNFC Ltd.
11	D M Vaghela	60	SSC, Eng. Typing Exam	35	Sr. Assistant	3,423,422	25/6/1983	Typist-Clerk (on Contract) - GNFC Ltd.
12	D V Patel	60	NCTVT, ITI(Fitter)	39	Foreman	3,580,219	7/11/1979	ITI(Fitter) Trainee - GNFC Ltd.
13	H C Patel	60	BA	32	Sr. Assistant	2,072,183	16/12/1985	Clerk (Production Deptt.) - Piramal Rasayan Ltd.
14	I P Bhatt	60	BE(Chemical), Dip. In Training & Development, DIS	33	Chief Manager	5,744,198	11/7/1987	Asstt. Engr./ Shift Incharge - GACL, Vadodara
15	J S Patel	60	BA	41	Chief Marketing Manager	5,251,234	19/3/1984	District Information Officer - Govt. of Gujarat (I&B)
16	K C Patel	60	DME, Ist & IInd Class Boiler Competency Exam	41	Sr. Shift Engineer	3,355,848	24/10/1979	SSC Boiler Attendant Apprentice - GSFC Ltd., Vadodara
17	M A Patel	60	B.Sc., IInd Class Boiler Competency Exam	38	Sr. Manager	2,958,115	1/11/1980	Chemical Plant Operator Trainee - GNFC Ltd.
18	M C Patel	60	B.Sc., IInd Class Boiler Competency Exam	36	Sr. Manager	3,263,551	1/2/1981	Chemical Plant Operator Trainee - GNFC Ltd.
19	M H Patel	60	B.Com.	35	Sr. Officer	3,806,169	1/4/1983	Tallyman Trainee - GNFC Ltd.
20	M P Patel	60	B.Sc.	38	Sr. Manager	4,435,524	1/11/1980	Chemical Plant Operator Trainee - GNFC Ltd.
21	MY Joshi	60	BE(Met)	35	Addl. General Manager	6,490,759	1/12/1983	GET - GNFC Ltd.
22	N B Manwar	60	B.Sc.(Agriculture)	34	Marketing Manager	3,617,491	1/2/1984	Field Representative Trainee - GNFC Ltd.
23	N G Patel	60	B.Sc.(Chemistry), M.Sc.(P&P)	36	Chief Manager	4,084,678	16/4/1983	Lab. Technician Trainee - GNFC Ltd.
24	N K Patel	58	B.Sc.(Agriculture)	34	Dy. Marketing Manager	3,323,937	16/8/1983	Field Representative Trainee - GNFC Ltd.
25	N N Patel	60	B.Sc.	34	Sr. Operator	3,365,694	10/10/1984	Jr. Operator - IFFCO
26	P G Kansagra	60	B.Sc.	40	Chief Manager	3,918,853	1/8/1980	Trade Apprentice - GSFC Ltd., Vadodara
27	P I Patel	60	BE(Electronics)	34	Sr. Manager	3,800,759	29/12/1986	Jr. Engineer - Elecon Engg. Co. Ltd.
28	P M Rajput	60	B.Sc.	37	Manager	3,317,209	8/10/1984	Plant Operator - Deepak Nitrite Ltd.
29	P P Parmar	60	SSC	38	Fire Officer	2,806,542	14/10/1982	Fireman - IPCL, Vadodara
30	P R Soni	60	B.Sc., M.Sc.	36	Sr. Manager	4,535,995	16/2/1983	Lab. Technician Trainee - GNFC Ltd.

Sr. No.	Name (S/Shri)	Age (Yrs.)	Qualification	Total Exp.(Yrs.)	Designation	Remuneration Received (Rs.)	Date of Joining	Last Employment held
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
31	P V Patel	60	B.Sc., IInd Class Boiler Competency Exam	39	Sr. Manager	3,635,641	1/8/1980	Trade Apprentice - GSFC Ltd., Vadodara
32	R B Rana	60	ITI(Steno)	37	Sr. Operator	2,761,503	11/10/1980	Typist Clerk (on Contract) - GNFC Ltd.
33	R B Saradava	54	B.Sc.(Agriculture)	29	Dy. Marketing Manager	3,431,361	1/12/1987	Field Representative Trainee - GNFC Ltd.
34	R N Solanki (Late)	55	Std.-VI	29	Attendant	1,146,789	19/11/1987	Sweeper-cum-Messenger - JGC, Bharuch
35	R S Sodha	60	DME, NCTVT(BA), Ist Class Boiler Competency Exam	41	Sr. Operator	2,757,793	24/10/1979	SSC Boiler Attendant Apprentice - GSFC Ltd., Vadodara
36	S K Chaudhary	60	B.Sc.(Agriculture)	36	Marketing Manager	4,528,981	9/4/1983	District Fertiliser Inspector - Shri Ram Khad Programme, Sriganganagar
37	S K Karia	60	B.Com.	36	Sr. Officer	3,185,603	17/10/1983	Site Clerk - Dynacraft Machine Company Ltd.
38	S K Khamker	60	B.Com., Dip. In Co-Op., Eng. Typing Exam	39	Manager (HR)	2,624,252	11/1/1983	Accountant-cum-Clerk - Narmadanagar Staff Credit & Consumers Co-Op. Society
39	S M Mistry	60	B.Com.	36	Manager (Secretariat)	2,488,783	26/9/1983	Stenographer - Sardar Sahkari Paper Mill Ltd.
40	S V Patel	60	DEE	37	Sr. Manager	4,591,579	12/6/1980	DET - GSFC Ltd., Vadodara
41	T C Patel	60	ITI (Inst. Mech.)	38	Sr. Technician (I)	2,561,720	1/12/1980	Instrument/Operational Trainee - GNFC Ltd.
42	V C Shah	60	DPT, Diploma in Tech. of production of synthetic Resin & Plastics	37	Sr. Manager	3,205,263	1/5/1981	Jr. Operator Trainee - GNFC Ltd.
43	V K Pareek	60	B.Sc.(Agriculture)	37	Dy. Marketing Manager	4,158,040	9/4/1983	Loan Supervisor - The Ganganagar Kendriy Sahkari Bank Ltd.

**NOTES :**

- The total remuneration includes salaries, allowances, special pay, leave salary, ex-gratia payment, leave travel concession, medical aids, gratuity, company contribution to provident fund, where applicable, etc. The perquisites have been evaluated in accordance with the income tax rules.
- The employees as shown in Statement 'B' are either retired, resigned or expired from the services of the Company.
- None of the above employees is a relative of any Director of the Company.

**STATEMENT SHOWING THE PARTICULARS OF TOP TEN (10) EMPLOYEES OF THE COMPANY IN TERMS OF REMMUNERATION DRAWN DURING THE YEAR 2017-18**

Sr. No.	Name (S/Shri)	Age (Yrs.)	Qualification	Total Exp.(Yrs.)	Designation	Remuneration Received (Rs.)	Date of joining in regular grade	Last Employment held
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	A A Desai	49	BE, ME (Electronics)	24	General Manager	2,741,942	2/3/2015	Lecturer - Govt. Polytechnic, Gandhinagar
2	A K Sewani	33	DME	14	JR Technician (M)	2,622,472	29/1/2007	Trainee Engineer (Diploma in Mechanical) - FAG Bearing India Ltd. Vadodara
3	C M Kapadia	40	B.Com.	17	DGM (Information Systems Infra.)	2,568,665	1/3/2016	DGM - Future Group
4	D B Shah	59	BE (Mechanical), IInd Class Boiler Proficiency Exam	36	Executive Director	2,517,135	1/10/1983	GET - GNFC Ltd.
5	D V Parikh	48	B.Com. C.A.	23	GM & CFO	2,506,164	29/6/2015	CFO - Flexituff International Ltd.
6	G M Varliani	57	BSC(Statistics), IVWA	36	General Manager	3,001,834	24/7/2003	General Manager - Chase Infotech Ltd., Ahmedabad
7	P B Kansara	56	B.SC.(P), Net & Design, Certificate course in Programming, Oracle-8i DBA	29	Asst. General Manager - Appl. Dev. & Erp	2,718,625	17/9/2007	DGM-Ahmedabad Stock Exchange
8	P G Dave	58	BE(Chemical), DBM	37	Executive Director	2,585,313	1/11/1983	GET - GNFC Ltd.
9	Vimal Purohit	52	BSC, MCA	28	Asstt.General Mgr. - Quality & Audit	3,380,754	13/7/2004	Computer Advisor - Jamnagar Municipal Corporation
10	Y B Gandhi	59	BE (Mech)	37	Executive Director	2,614,287	1/9/1982	Engg. Trainee (Mech) - GNFC

To,  
The Members,  
**GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED**  
P.O. NARMADANAGAR, DIST. BHARUCH PIN: 392015, GUJARAT

Our attached Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and the 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. Wherever 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.

Date : 31<sup>st</sup> July, 2018  
Place : VADODARA

For J. J. Gandhi & Co.  
**PRACTICING COMPANY SECRETARIES**  
FCS No. 3519 and CP No. 2515

#### FORM NO. MR-3

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

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

To,  
The Members,  
**GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED**  
P.O. NARMADANAGAR  
DIST. BHARUCH PIN: 392015, GUJARAT

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

Based on our verification of the Company's books, papers, minutes 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 **31st March, 2018**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 ('FEMA') and the rules and regulations made thereunder to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB);
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - A. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - B. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - C. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. - Not Applicable as the Company has not issued any security during the financial year under review.
  - D. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. - Not Applicable as the Company has not granted any options to its employees during the financial year under review.

- E. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. - Not Applicable as the Company neither issued nor listed any debt securities during the financial year under review.
  - 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 Shareholders. - The Company is registered with the Securities and Exchange Board of India as an in house Share Transfer Agent - Category II.
  - G. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. - The Company has not delisted its equity shares from any stock exchange in India during the financial year under review. However, the Company has delisted 18,248 Global Depository Receipts (GDRs) (representing 91,240 underlying shares) from Luxembourg Stock Exchange, Luxembourg and terminated the Depository Agreement with the BNY Mellon.
  - H. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. - Not Applicable as the Company has not bought any of its securities during the financial year under review.
6. Considering representation of management and products, process and location of the Company, following laws are applicable specifically to the Company. Having regard to the compliance system prevailing in the Company and on examination of the relevant records on test check basis, we further report that the Company has complied with the following laws;
1. The Environment (Protection) Act, 1986
  2. The Air (Prevention and Control of Pollution) Act, 1981
  3. The Water (Prevention and Control of Pollution) Act, 1974
  4. The Ammonium Nitrate Rules, 2012
  5. The Petroleum Act, 1934
  6. The Explosives Act, 1884 and Explosive Rules, 2008
  7. The Fertilizers (control) Order, 1985 under the Essential Commodities Act, 1955 and
  8. The Hazardous and other Wastes (Management and Transboundry Movement) Rules, 2016.

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

- (i) Secretarial Standards (SS1 and SS2) issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards mentioned above except that :

- Regulation 17(1) of SEBI (LODR) Regulations, 2015 have not been complied with as there were four Independent Directors against five Non Independent Directors during the first three quarters of Financial Year 2017-18 and
- The Board Meeting on 29th May, 2017 held after a gap of 125 days as against maximum permissible gap of 120 days as per Section 173 of the Companies Act, 2013.

#### **We further report that -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors (except above comment). The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

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

We further report that as per the minutes of the meetings duly recorded and signed by the Chairman, the decisions were carried at meetings without any dissent.

Based on the Compliance mechanism established by the Company and on the basis of information provided by the officers of the Company and the compliance certificates placed before the Board and taken on record by the Board of Directors at their meetings, we are of the opinion 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.

Place : VADODARA  
Date : 31st July, 2018

**for J. J. Gandhi & Co.**  
**PRACTICING COMPANY SECRETARIES**  
FCS No. 3519 and CP No. 2515

## DIVIDEND DISTRIBUTION POLICY

### INTRODUCTION

Securities & Exchange Board of India (SEBI) has vide SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, on 8th July, 2016, inserted Regulation 43A in the SEBI Listing Regulations, 2015, which requires top 500 listed companies based on market capitalization (calculated as on 31<sup>st</sup> March of every financial year) to formulate a 'Dividend Distribution Policy', which shall be disclosed in their Annual Report and on their website.

Gujarat Narmada Valley Fertilizers & Chemicals Limited (here-in-after referred to as 'the Company') being one of the top 500 listed companies as per the market capitalization as on the last day of immediately preceding financial year, hereby frames this policy to comply with the requirement of Listing Regulations, 2015.

### OBJECTIVE AND SCOPE

The intent of the policy is to broadly specify the internal and external factors, including financial parameters that shall be considered while recommending the dividend and the circumstances under which the shareholders of the Company may or may not expect dividend etc.

### EFFECTIVE DATE AND APPLICABILITY

This Policy shall be effective from the date of its adoption by the Board.

The Policy shall not be applicable in the following circumstances :

- Determination and declaring dividend on preference shares, if any;
- Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable laws;
- Any distribution of cash as an alternative to payment of dividend by way of buyback of equity shares.

### STATUTORY REQUIREMENTS

The Board of Directors shall recommend the dividend as per the Policy, in compliance with the provisions of the Companies Act, 2013, Rules made thereunder and other applicable laws, if any.

Further, the Board of Directors of the Company will consider the recommendation of dividend for any financial year after taking into account the profits of the Company and after transfer of such percentage of its profits for that financial year as it may consider appropriate to the reserves of the company.

The Board of Directors may declare interim dividend, subject to the provisions of the Companies Act, 2013 and the Rules made thereunder, during any financial year, out of the surplus in the profit and loss account and out of profits of the financial year, in which such interim dividend is sought to be declared.

### FINANCIAL PARAMETERS / INTERNAL AND EXTERNAL FACTORS FOR DECLARATION OF DIVIDEND

The decision of dividend payout or retention of profits by the Board shall, inter-alia, depend, including but not limited to the following financial parameters / internal and external factors :

#### Financial Parameters :

- i) Quantum of anticipated capital expenditure,
- ii) Magnitude of realized profits,
- iii) Operating cash flow and liquidity,
- iv) Investment opportunities,
- v) Capacity to service interest / principal (borrowings),
- vi) Cost of borrowings vis-à-vis cost of capital,
- vii) Sales volume,
- viii) Anticipated expenses,
- ix) Financial ratios (e.g. EPS-post dividend), etc.

### Internal & External Factors :

- (a) Cash flow position of the company,
- (b) Stability of earnings,
- (c) Cost of borrowings,
- (d) Number of shareholders,
- (e) Future growth plans / strategies / capital expenditure etc.
- (f) Past dividend trends,
- (g) Over-all economic / regulatory environment including tax laws,
- (h) Macro-economic conditions / Industry outlook and stage of business cycle for underlined business,
- (i) Dividend payout ratios of companies in same industries,
- (j) Any other contingency plans.

### CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The shareholders of the company may not expect dividend under the following circumstances :

- (a) Inadequacy of profits or losses – If during any financial year, the Board determines that the profits of the Company are inadequate or the Company has incurred losses, the Board may decide not to declare dividends for that financial year.
- (b) Any other circumstances / factors which the Board may consider appropriate in the best interest of the company and the shareholders.

### MANNER OF UTILIZATION OF RETAINED EARNINGS

The Board may retain its earnings in order to make better use of available funds and increase the value of stakeholders in the long run. The decision of utilization of retained earnings of the Company shall be mainly based on the following factors:

- Strategic and long term plans;
- Diversification & expansion opportunities;
- Revamp of ageing plants and for achieving better energy efficiency;
- Non-fund based need of the Company, its Subsidiary and Joint Ventures which may require to have healthy consolidated balance sheet;
- Any other criteria which the Board may consider appropriate.

### PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

The Company has presently issued only one class of shares i.e. Equity Shares with equal voting rights. The Policy shall be suitably revisited at the time of issue of any new class of shares, subject to the provisions of the Companies Act, 2013 and other applicable laws prevailing from time to time.

### AMENDMENT IN POLICY

Any amendment / modification in the SEBI Listing Regulations, 2015 and in the Companies Act, 2013 shall automatically apply to this Policy. Any amendment / modification in this Policy as may be deemed expedient will be carried out with the approval of Managing Director and as per the authorization granted by the Board.

### CAUTIONARY STATEMENT

The Policy reflects the intent of the company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the company. The company shall pursue this Policy to pay dividend, subject to the circumstances and factors enlisted here-in-above, which shall be consistent with the performance of the company over the years.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 1.0 INDIAN ECONOMIC SCENARIO :

The past few years have established a solid foundation for continued growth of the Indian Economy in the future. During the last few years, the Government proactively undertook structural reforms to enable the country graduate to the next level of growth. One of the biggest successes of this Government has been controlling inflation at an average rate of 4.3% in four years. Further, shifting to Direct Benefit Transfer (DBT) saved precious resources otherwise prone to leakage. Large scale digitization efforts based on a vast mobile based and a vast Aadhaar based, about a billion each, coupled with India's stack and proliferation of electronic platforms have significantly formalized the economy. Significant liberalization of FDI norms have rapidly scaled up foreign investment in India.

Financial Year 2017-18 has been another year of reforms. Undoubtedly, the single biggest reform of the year has been the implementation of Goods & Service Tax (GST), which required a constitutional amendment and multiple legislations, and clearly the most important Tax reform in the post Independent era. Though, the initiative faced initial hiccups and uncertainties post its launch, it has brought in more transparency and efficiency in to the system by improving the ease of doing business, streamlining the Regulatory structure, removing multiple taxes and digitization of tax collection mechanism has lead to an improved business environment.

Though in the shorter run, these initiatives have caused a temporary slow down with GDP growth declining to 6.6% in FY 2017-18 compared to 7.1% in FY 2016-17, the outlook remains positive. The Indian economy is showing signs of acceleration with growth in corporate sales, depleting finished goods inventory and restart of investment in Fixed Assets by Corporates indicating revitalization of CAPEX cycle. All International eyes are on India as it is now the World's sixth largest economy. Institutions like International Monetary Fund (IMF) and World Bank are bullish on Indian Economy as it is likely to become the fifth largest economy very soon. The IMF Projects India to grow at 7.4% and 7.8%, while the World Bank expects the growth to touch 7.3% and 7.5% in FY 2018-19 and FY 2019-20 respectively.

### 2.0 OVERVIEW OF COMPANY :

Gujarat Narmada Valley Fertilizers & Chemicals Limited (the Company) is mainly engaged in the business of manufacturing and selling of Fertilizers, Industrial Chemicals and providing IT related services in the areas of Information Technology. The Fertilizers manufactured by your company are sold under the brand name of "NARMADA".

The company has set up core Chemical and Petrochemical Plants such as Methanol, Formic Acid, Nitric Acid, Acetic Acid, Toluene Di-Isocyanate, Aniline, Ammonium Nitrate, Ethyl Acetate, Methyl Formate, etc. The company is the only producer of Acetic Acid and one of the two producers of Formic Acid in India and has largest single stream Aniline plant in India. The company is the only manufacturer of Toluene Di-Isocyanate in South East Asia and Indian sub Continent. The company's Chemical / Petrochemical products enjoy high brand value in the International and Domestic markets.

Fulfilling the Hon'ble Prime Minister's Vision of 100% Neem coating of urea, the company has pioneered innovative social-economic Neem Project in the year 2015 and became the first Fertilizer Company in India to have such a multi-dimensional project. With the backward and forward integration in the Neem Project, the company has achieved a commendable progress and has created shared value among the rural and urban poor people and empowering communities with targeted focus on women empowerment through income generation and improved livelihoods.

(n)Code Solutions - IT Division of the company, provides several value-added IT services and solutions covering System Integration, Smart Cities Implementation, e-Auction, e-Procurement, Block Chain and Education Domain, e-Governance Projects, Data Centre's, Cloud services, CCTV Surveillance Systems, etc.

### 3.0 INDUSTRY STRUCTURE AND DEVELOPMENT :

#### 3.1 Fertilizer Business :

The Indian Fertilizer Industry has shown tremendous growth in the last five decades and at present ranks third in the World. India is the second largest consumer of Fertilizers after China. Being an important Industry for the Indian economy, Government has ensured availability of adequate quantity and proper quality of Fertilizers to the Farmers community. Also to ensure adequate control over its quality, price and distribution, the said Industry is highly regulated under the Fertilizer Control Order, 1985. The Policy mandate of Hon'ble Prime Minister of manufacturing 100% Neem coated Urea has fostered the rural employment amongst rural women / poor people by collection of Neem Seeds for production of Neem

Oil and Neem Cake. The Government of India implemented Direct Benefit Transfer (DBT) Scheme across the country effective 1st February, 2018 after the success of Pilot Project in selected States of India.

Since Fertilizer Industry is highly regulated and monitored by Government of India (GoI), it continues to face some serious challenges in the form of - (i) availability and fluctuating prices of raw material required to produce fertilizers; (ii) heavy imports and lack of adequate domestic production capacity; (iii) lack of long term and stable Government Policy; and (iv) increasing demand of speciality Fertilizers. In spite of these challenges, the sale of primary Fertilizers witnessed a modest growth of around 2% in FY 2017-18 on the back of low systematic Inventory maintained by Fertilizer Companies, in view of PAN India implementation of DBT. As per ICRA's Report, Fertilizer sales growth is back on a positive trajectory post a 7% decline witnessed in FY 2016-17. In the Union Budget of FY 2018-19, GoI has increased subsidy allocation of P&K Fertilizers to Rs.250 Billion from Rs.222 Billion in FY 2017-18.

The financial performance of Fertilizer Industry continues to remain moderate during FY 2017-18. Indian Fertilizer market is anticipated to witness robust growth in the coming years owing to continuous growth of population resulting into more demand of food coupled with increasing demand for agricultural products in the country. Moreover, expansion of Fertilizer production capacity in India along with increasing Government initiative towards reduction of import of Fertilizers is further anticipated to boost the growth of Indian Fertilizer Industry and will save substantial Foreign Exchange.

### 3.2 Chemical Business :

Chemical Industry in India is the third largest producer in Asia and sixth largest in the World. Indian Chemical Industry is expected to double its share in Global Chemical Industry to 5 ~ 6% by 2021, registering growth of 8 ~ 9% in the next decade. Numbers of Multinational Companies (MNCs) are focusing on India for their manufacturing hub. Lower cost of labour, availability of key raw materials, large consumer markets and adaptability to technology are some of the main attractions for having a strong manufacturing base in India.

Government recognizes Chemical Industry as a key growth driver of Indian Economy and has taken various initiatives such as Central Board of Excise and Customs Single Window Interface for facilitating trade, Make in India, relaxation of environmental norms for Chemical Industry and roll out of GST have spurt the growth of Chemical Sector. The major growth drivers of this Industry are structural advantage, high domestic consumption, diversified industry and promising export potential.

Indian Chemical Industry has the potential to grow significantly provided some of the key growth imperatives such as securing feed stock, right product mix, mergers and acquisitions opportunities, etc., are taken care of. Indian Chemical Companies have been focusing on sustainable development. Water, environmental impact, raw materials, safety over life cycle and energy use are some of the issues grappling the Industry.

### 3.3 Information Technology (IT) Business :

This sector is highly innovative, intensively competitive and subject to constant technological development, which is characterized by rapidly changing technology, evolving Industry standards, frequent new product innovations, governance frame work and price and cost reduction.

Information technology and IT enabled industry, especially the niche areas in which the company operates, is on the threshold of big take-off with ambitious programme of Smart cities, IOT, e-Governance, being initiated / supported by Central and various State Governments.

## 4.0 OVERVIEW OF COMPANY'S BUSINESS SEGMENT PERFORMANCE:

### 4.1 Chemical & Fertilizers :

#### (a) Production / Operational Performance:

The company excelled on production front during FY 2017-18 through its operational excellence, higher efficiency and well executed strategies around input sourcing and marketing. The operation strategy of the company was driven by continuous adjustment of manufacturing / trading pattern based on relative economics. Special focus was given on energy conservation and cost reduction in all aspects.

During the year, total 186 new records were established of which, 120 records were established in production.

The company achieved remarkable production performance during FY 2017-18 as most plants of the company operated at more than 100% capacity utilization, the details of which are given below :

Plant	Production (MT)	Capacity Utilization (%)
Ammonia	6,13,010	138
Urea (including Technical Grade)	7,52,950	118
Ammonium Nitro phosphate (ANP)	2,16,575	152
Methanol	1,84,718	069
Acetic Acid	1,57,067	157
Formic Acid	22,009	220
Aniline	41,883	120
Toluene Di-Isocyanate (TDI-I)	17,056	122
Toluene Di-Isocyanate (TDI-II)	42,577	085
Ethyl Acetate	63,126	126
Weak Nitric Acid (WNA-I)	3,01,389	122
Weak Nitric Acid (WNA-II)	1,24,078	124
Concentrated Nitric Acid (CNA) - I/II/III	1,23,609	107

During the year, the company has achieved highest ever production in Formic Acid, Ethyl Acetate, Aniline, TDI-II and Technical Grade Urea.

ANP Plant had performed excellent throughout the year and has achieved production of more than 2 Lac MT continuously for 4th consecutive year. On environment front, Nitrophosphate Group of Plants (NPP) continued to utilize major part of effluent in ANP Plant by recycling it and thereby saving valuable nutrients and at the same time improving environment management.

During FY 2017-18, TDI-II Plant operated at more than 100% load for 150 days with Nil production of 75 days and is presently running smoothly on a consistent basis. Various reliability schemes have been initiated for reliability and improvement of plant operation in terms of consistency, safety and capacity utilization.

The company has achieved significant progress in its Innovative Neem Project which was implemented in 2015 following the directive of Government of India for 100% Neem coating of Urea. Around 23,000 MTs. of Neem Seeds were collected from six States and 1724 MTs. of Neem Oil and 14421 MTs. of Neem Cake were produced during the year under review.

The company constantly focuses on technology, product innovation, cost improvements and safe practices. During the year, various modifications & energy saving schemes were implemented resulting into considerable monetary and energy savings. Further, various initiatives in operation and maintenance of plants like use of alternate materials, diversions of excess gases / steams to other potential uses, changes in catalyst design, changes in fuel or raw material mix, change in timings of shutdown have resulted into recurring benefits with added advantage of flexibility in operations and reduced dependencies.

#### (b) Sales Performance:

During FY 2017-18, the company has performed well through its marketing excellence. The marketing strategy was driven by continuous adjustment of manufacturing and trading pattern based on relative economics. Depending upon market dynamics, the company has seized trading opportunities in both Chemicals and Fertilizers business to meet the growing needs of its valued customers.

In Fertilizer business, the company has performed reasonably well during FY 2017-18 inspite of moderate monsoon in the country. The company achieved total sale of Urea (Manufactured and Traded) at 7.31 Lac MTs. as compared to 10.37 Lac MTs. in the previous year. The sale of Ammonium Nitro Phosphate (ANP) was highest ever at 2.23 Lac MTs. compared to 2.16 Lac MTs. in the previous year.

The Chemical business has significantly contributed to the profitability of the company despite competitive scenario in Domestic and International Market. More thrust was given to export Industrial Products. The company exported its products to 66 Countries across the Globe. The company is one of the leading suppliers of TDI in markets of Middle East & Africa and achieved around 65% share in Domestic Market.

(n)Code Solutions - IT Division has identified untapped markets for IT Business, which mainly includes Education, Data Analytics, Smart city consultancy, GIS based solution for various Government Agencies, Intelligent Transport Management

System and Mining. Considering (n)Code's forte in its successful completion of Smart City Projects and conducting e-Auctions for Government Departments, efforts are on to explore similar markets PAN India including non-Government Sector.

### (c) Financial Performance:

Year 2017-18 was the unprecedented financial year for the company, posting excellent financial result in the history of 42 years of its operations. This was made possible due to continued emphasis on higher productivity, conservation of resources, well executed production & marketing strategies and concerted efforts put-in by employees at all levels, etc.

Standalone Financial Highlights for FY 2017-18 vis-à-vis FY 2016-17 are as under :

(Rs. in Crores)

Particulars	2017-18	2016-17	Growth
Revenue from Operations	5,917	4,945	20%
Profit before Tax (PBT)	1,162	715	63%
Profit After Tax (PAT)	790	521	52%
EBITDA	1,532	1,170	31%
Export Revenue	629	361	74%
Book Value per Share (Rs.)	287	245	17%
Earnings per Share (EPS) (Rs.)	51	34	50%
Return on Equity (ROE) (%)	18	14	29%

With the improved financial performance, long term debt has been fully repaid by making prepayment of Rs.534 Crore resulting into reduction of finance cost by 51% on Year over Year basis. Total debt of Rs.1,436 Crore was paid-off in one single year. Thus, the company has become long term debt free company. The growth in revenue and profits were significantly led by non-TDI Chemicals. Revenue from Industrial Products was Rs.3,987 Crore compared to Rs.3,062 Crore of previous year, registering increase of 30%. The working capital was reduced by 79% from Rs.1,070 Crore to Rs.228 Crore. The company has recorded highest ever market capitalization of Rs.8,524 Crore during 2017-18.

Profit from Fertilizer Segment was lower mainly due to reduced margin on complex fertilizer since the input cost has gone-up and lower volume of both manufactured and imported Urea.

During the year, there was an increase in power and fuel cost from Rs.779 Crore to Rs.888 Crore mainly due to change in source of gas as per the Guidelines of GoI, increase in the prices of Natural Gas and shortage of Coal across the Country due to prioritization to Power Sector resulting into import of Coal at higher price.

(n)Code Solutions - IT Division has also registered Sales Turn-over of Rs.174 Crore and Profit of Rs.39.53 Crore across all its business segments. This division has contributed moderately in achieving stellar performance of your company. More information on the performance of IT Division has been given in the Directors' Report under the heading "(n)Code Solutions - IT Division".

## 5.0 OUTLOOK :

### 5.1 Fertilizer Business :

The Fertilizer production in India is growing at a CAGR of 4% from FY 2012-13 onwards. As per CARE Rating estimates, Fertilizer production would range between 460 ~ 470 Lac MTs. by 2020. Going forward, the Fertilizer Sector is subject to tremendous growth due to various factors such as -

- 'Make in India' initiative is encouraging the production of Fertilizer within the country to an extent the Government wants to eliminate the Imports of Urea by 2021 and make India self sufficient.
- Overall domestic production of Fertilizers has been up since past three years and Imports are falling.
- Government has been very proactive by introducing reforms like under New Urea Policy, the Government is incentivizing production beyond re-accessed capacity.

This year, Indian Metrological Department has predicted good monsoon and hence proving to be beneficial for the growth of Fertilizer Industry. In the pre-GST regime, Fertilizers attracted 4 ~ 8% Indirect Tax depending on the raw materials used and the States in which the products were sold. Now with the GST roll out, Fertilizers will attract 5% GST.

Considering the above factors and with the strong brand image and good marketing Network, the company is confident to perform well in Fertilizer business.

## 5.2 Chemicals Business :

Indian Chemical Industry contributes 3.4% of the Global Chemical Industry. It ranks 14th in Exports and 8th in Imports of Chemicals (excluding pharmaceuticals products) Globally. This industry contributes approximately 10% of Gross Value Added (GVA) in the manufacturing sector and is growing at an annual rate of 8% ~ 10% p.a. It is expected that with the growth in per capital income, Chemical Industry will grow at a faster rate.

In order to promote the Chemical Sector in India, 100% Foreign Direct Investment is permitted. Govt. is also supporting manufacturing through its programmes such as "Make in India" and by consistently improving "Ease of Doing Business". It is also promoting large clusters of petrochemicals / chemical units designated "Petroleum, Chemical & Petrochemical Investment Regions" (PCPIRs).

The company is the market leader in India in most of the Industrial Chemicals it produces and enjoys the customer confidence. The outlook for Chemical Business is positive given its growth and demand over the past few years. Depending upon the market dynamics, the company will seize the opportunities to meet the growing needs of its valued customers and maintain its existing Leadership position.

After internal evaluation, the Board is actively considering growth CAPEX for enhancing the top and bottom lines of the company in next couple of years. Depending upon the scale, the CAPEX would be undertaken by the company. The company hopes to channelize an investment of around Rs. 2000 Crore either on its own or otherwise.

## 5.3 Information Technology (IT) Business :

India is the World's largest sourcing destination for IT Business. This sector ranked 3rd in the India's total Foreign Direct Investment share. Under Union Budget 2018-19, the Government has announced setting-up of National Level Programme that will enable efforts in Artificial Intelligence (AI) and will help in leveraging AI Technology for development works in the country. As per National Association of Software and Services Companies (NASSCOM), outlook for IT Sector is 'cautiously positive' as challenges remain amidst prospects of greater IT spending with improvement in global and US economies.

Under the "Digital India" initiative of Hon'ble Prime Minister, various initiatives have been taken to transform process and procedures in Government and Non-Government Organizations. Digital technologies have impacted business models, processes, new products and services offerings, access to new markets, new customer base etc., which has resulted into increased spending on technology. IT services sector in India has shown a remarkable record of accomplishment in the past two decades and the outlook for company's IT business is positive.

## 6.0 OPPORTUNITIES AND STRENGTHS :

- (i) Brand image of company's fertilizers continues to be in the premium segment. This will further help in consolidating markets in the primary marketing zone in the decontrol scenario.
- (ii) Huge gap of demand and supply of various Chemicals and Fertilizers offers a business opportunity of trading by the company. Various Industrial Chemical products particularly TDI offer a good opportunity for Export. The company has developed a diversified basket of Industrial Products that helps the company to sail through cyclical changes in business.
- (iii) Di-calcium Phosphate (DCP) Project being set up at Dahej, in a joint venture with M/s EcoPhos, Belgium, is based on Hydrochloric Acid (HCl), which is generated as by-product from both the TDI Plants. The entire HCl generated will be consumed for production of DCP, which would help the company in improving its profitability.
- (iv) Overwhelming market response of GNFC's Neem Soap has opened up opportunity for setting up 10 MTPA Neem Soap Manufacturing Unit at Bharuch. After successful launch of Neem Soap, Neem Oil, Hand Wash, Shampoo, Hair Oil, Face Wash and Pesticide, the company is now planning to increase Neem based product range by launching Neem based Hand Sanitizer, Moisturising Cream, After Bath Body Oil, Face Scrub, Tooth Paste, Shaving Cream, etc., in the market in near future. Looking at the growing demand, company has decided to expand retail outlet footprint to other States too.
- (v) The ability to operate at high capacity utilization levels by adopting innovative modifications / revamps, plant reliability scheme as well as effective upkeep and maintenance of plants offer higher business volumes. Good export market insulate against Foreign Exchange risk.
- (vi) The company has entered into Long Term / Annual Contracts for supplies of most of the critical Raw Materials like Oil



(FOHV), Coal, Rock Phosphate, Benzene, Toluene, Packaging Materials, etc., which are essential for continuous production. This helps in timely supply of materials and cost effectiveness.

- (vii) (n)Code Solution has a good track record and experience in undertaking projects which require specialized skills and understanding customer needs, especially related to Government Departments and large scale enterprises integrating various technologies and Project Management integrated IT services. This continues to remain one of the key strength areas for the division. There are enough opportunities in areas related to e-governance, System Integration Business, Surveillance Services, Smart City consulting, Business Analytics, Cyber Security Consulting and Assurance Services, etc.
- (viii) Increased emphasis on E-governance and Internal Security by Government offer a lot of business opportunities for the company in e-Governance, Data Centre and CCTV Surveillance System Projects.

## 7.0 THREATS, RISKS & CONCERNS :

- (i) Fertilizer being highly controlled and subsidized sector, the company's fertilizer business is largely dependent on Government's policies with respect to subsidies, availability and pricing of feedstock, marketing of fertilizers, etc. Changes in such policies may impact fertilizer business.
- (ii) Chemical business is largely dependent on domestic market, which is highly competitive.
- (iii) Frequent interruption in operation of TDI-II Plant at Dahej on account of complex technology resulting into to higher costs of production and loss of production is the key anxiety.
- (iv) Availability and pricing of key raw material like Natural Gas, Oil, Rock Phosphate and other Petroleum based products is limiting factor and have potential to impact operations and profitability.
- (v) Key raw materials are purchased at import parity prices. Further, the Company is largely dependent on foreign vendors for critical machineries, spares and technical services. Therefore, currency fluctuations may impact operations or results of the company.
- (vi) The company has certain litigations, representations and applications, etc., pending before Courts, Tribunals, Government Departments and Agencies, Regulators, etc., which, if adversely decided, could impact business and operating results.
- (vii) Information Technology business is highly competitive and is an extremely challenging domain. It demands high level of skilled and certified manpower with experience in specialized fields to operate. (n)Code Solution's capability to execute time bound projects with required quality standards calls for consistent performance. New era of technologies and start-ups offering agile solutions are also immense as era of competition and (n)Code is gearing up to meet the same. The company's IT Business to a certain extent depend upon ability to compete for firm priced and / or cost plus contracts with time bound execution.
- (viii) Recruitment and retention of talented human resource particularly at Senior Management Level is a matter of concern.
- (ix) Changes in the policies of Government, Regulations and Laws, which have potential of impacting business in India generally, could also impact business of the company.

## 8.0 RISK MANAGEMENT :

The company has in place a Risk Management Policy. Under this Policy, various risks pertaining to operations & maintenance of plants, financial and other organizational risks are assessed, evaluated and continuously monitored for taking effective steps for its mitigation. Risk Management Report, inter-alia, containing major anxiety areas of risks and action plan for their mitigation and noteworthy risk management activities carried out by the company is put-up before the Audit Committee and Board of Directors Meetings periodically for its review.

## 9.0 ON-GOING PROJECTS / NEW PROJECTS / REVAMP SCHEMES :

With a view to accelerating growth momentum, the company is constantly exploring potential business opportunities in the areas having synergy of existing business operations. With reducing long term debt burden and better profitability, the company is actively considering for expanding its current product lines through debottlenecking of existing plants and putting-up additional capacities through new projects. Such projects include Formic Acid capacity enhancement, Acetic Acid capacity enhancement, setting-up of Nitric Acid Plant, Ammonia Plant Revamp, Reliability Improvement Schemes for TDI-II Plant, Dahej, setting-up of 2 Lac MTPA Di-Calcium Phosphate Project through joint venture company.



The details of growth plan undertaken by the company have been furnished in the Directors' Report under the heading "On-going Projects / Initiatives" and "Growth Plan / Revamp Schemes".

#### 10.0 HUMAN RESOURCE MANAGEMENT :

One of the strengths of your company lies in its skilled and professional manpower. This could be achieved by adopting good HR policies and undertaking training and development of all employees. The company makes continuous and concerted efforts to groom its human resources to meet with the present and future challenges in the field of Technology and Management functions in the rapidly changing Industrial scenario. Remaining conscious & focused about the importance of safety, environment and health aspects, the company conducts In-house Training Programmes on Safety Awareness, Environmental aspects, Health Awareness, Management Development, Prevention of Sexual Harassment at work place, etc. The company's proactive actions have resulted into good, harmonious and healthy Industrial relations throughout the year, which has helped in sustaining production levels and economical operations. The total strength of human asset of the company was 3116 as on 31st March, 2018.

#### 11.0 INTERNAL CONTROLS SYSTEM, INTERNAL AUDIT AND ITS ADEQUACY :

The company has Internal Control Systems that are adequate and commensurate with the size and nature of its operations. These systems ensure effectiveness and efficiency of operations, assets safeguard adequacy, reliability of financial controls and compliance with applicable Laws and Regulations. The system ensures authorization, recording and reporting of all assets and transactions to safeguard the interest of the company.

The company has Internal Audit System conducted by a reputed firm of Chartered Accountants, which undertakes comprehensive audit of company's functional areas and operations to examine the adequacy of and compliance with policies, plans and statutory requirements. The Internal Audit Report, inter-alia, containing significant audit findings / observations are reviewed by the Management and Audit Committee and necessary follow-up actions are taken, wherever required. The Audit Committee also reviews the adequacy and effectiveness of company's Internal Control environment and monitors the implementation of Audit recommendations.

The company has exhaustive operational as well as procurement Budget system in place. Actual expenses are monitored against budgeted throughout the year. Variances are analyzed and timely corrective actions are taken, when needed.

The company has sound Management Information System in place to ensure availability of qualitative and quantitative information on operations of the company, which helps to keep operations on its targets.

#### 12.0 PROPOSED MERGER OF BHAVNAGAR ENERGY COMPANY LTD WITH GUJARAT STATE ELECTRICITY CORPORATION LTD.

Gujarat Narmada Valley Fertilizers & Chemicals Ltd., (GNFC) is one of the promoters of Bhavnagar Energy Co. Ltd. (BECL). Presently, GNFC holds 61,26,0000 shares of Rs.10/- each aggregating to Rs.61.26 Crore in BECL, which represents 5.82% of the total equity of BECL.

Government of Gujarat (GoG) has accorded its in-principle approval to the merger of BECL in to Gujarat State Electricity Corporation Ltd. (GSECL), which is a wholly owned subsidiary of Gujarat Urja Vikas Nigam Ltd. (GUVNL). The process of merger will be carried out by GoG under Gujarat Electricity Industry (Re-organization & Regulations) Act, 2003. Upon issuance of Notification by GoG regarding scheme of said merger, the transfer and vesting of undertakings of BECL will become operative and effective without any further act, deed or things to be done by BECL or GSECL or any other persons including the promoters of BECL.

Precise financial impact of proposed merger would be known only after merger ratio will be notified by GoG and post merger valuation of equity shares of GSECL. Necessary entries of financial impacts would be made in the Books of Accounts of GNFC as and when the merger becomes effective.

#### 13.0 CAUTIONARY STATEMENT :

The statements made in this "Management Discussion & Analysis" describing the company's objectives, expectations or projections, may be forward looking and it is not unlikely that the actual outcome may differ materially from that expressed, influenced by wide variety of factors affecting the business environment and the company's operations. The company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Good Governance is an integral part of company's business practices and it envisages attainment of the highest level of accountability, transparency and equity in all facets of its operations and aims at maximizing the shareholders' value, protecting interest of all stakeholders and meeting societal expectations. Your Company is committed to the principles of good governance in letter and spirit.

### BOARD OF DIRECTORS

#### Composition of the Board

Your Company is managed by a professional Board comprising Eight (8) Directors, of which eight (7) Directors are Non-executive Directors including a Woman Director and four Independent Directors, constituting half of the total strength of the Board. Managing Director is the only Executive Director on the Board. The composition of the Board is reviewed from time to time for ensuring that it remains aligned with statutory requirements.

Composition and category of Directors on the Board of the Company.

Sr. No.	Name of Director	DIN	Category
1	Dr. J. N. Singh, IAS Chairman	00955107	Promoter, Non-Executive, Non-Independent
2	Smt. Mamta Verma, IAS	01854315	Non-Executive, Non-Independent
3	Prof. Arvind Sahay	03218334	Non-Executive, Independent
4	Shri C. S. Mani	00031968	Non-Executive, Independent
5	Shri Sunil Parekh	06992456	Non-Executive, Independent
6	Shri Piruz Khambatta	00502565	Non-Executive, Independent
7	Shri V. D. Nanavaty	07431075	Non-Executive, Non-Independent
8	Shri Anil Mukim, IAS*	02842064	Non-Executive, Non-Independent
9	Dr. Rajiv Kumar Gupta, IAS, Managing Director**	03575316	Promoter, Executive, Non-Independent
10	Shri M S Dagur, Managing Director***	01622222	Promoter, Executive, Non-Independent

\* Appointed as Rotational director w.e.f 29.09.2017 and Ceased to be Director vide resignation dated 7.03.2018

\*\* Ceased to be MD w.e.f. 15.07.2018

\*\*\* Appointed as MD w.e.f. 16.07.2018

#### Number of Board Meetings Held

During FY 2017-18, Five meetings of the Board of Directors were held with a time-gap of not more than 120 days between any two meetings. The dates on which the said meetings were held are : 29.05.2017, 4.08.2017, 29.09.2017, 8.11.2017 and 22.01.2018. Requisite quorum was present for all the meetings.

#### Directors' Attendance Record

Attendance of Directors at the Board Meetings during 2017-18 and at the last Annual General Meeting (AGM) held on 29th September, 2017.

Sr. No.	Name of Director	No. of Board Meetings held during the tenure of Directorship	No. of Board Meetings attended	Attendance at Last AGM
1	Dr. J. N. Singh, IAS	5	3	Not Attended
2	Dr. Rajiv Kumar Gupta, IAS	5	5	Attended
3	Shri Anil Mukim, IAS	5	4	Not Attended
4	Smt. Mamta Verma, IAS	5	5	Attended
5	Prof. Arvind Sahay	5	4	Not Attended
6	Shri C. S. Mani	5	4	Attended
7	Shri Sunil Parekh	5	4	Not Attended
8	Shri Piruz Khambhatta	5	3	Attended
9	Shri V. D. Nanavaty	5	3	Attended

### Other Directorship / Committee position of Directors

Number of Directorship and Committee position held by the Directors as on 31st March, 2018.

Sr.	Name of Director	No. of other Directorships* other Companies**	No. of Committee position held in	
			As Chairman	As Member
1	Dr. J. N. Singh, IAS	9	2	None
2	Smt. Mamta Verma, IAS	8	None	2
3	Prof. Arvind Sahay	1	1	1
4	Shri C. S. Mani	2	None	2
5	Shri Sunil Parekh	2	None	None
6	Shri Piruz Khambhatta	None	None	None
7	Dr. Rajiv Kumar Gupta, IAS	3	None	None
8	Shri V. D. Nanavaty	2	None	None

In accordance with Regulation 26(1) of Listing Regulations -

\* Other Directorship include directorship of all public companies whether listed or not and do not include directorship of all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 (here-in-after referred to as 'the Act'); and

\*\* Chairmanship / Membership of only Audit Committee and Stakeholders Relationship Committee.

#### Notes :

- (i) None of the Directors on the Board is related to any other Director.
- (ii) None of the Directors has any material pecuniary relationship or transaction with the Company.
- (iii) None of the Directors has received any loans or advances from the Company during the year.
- (iv) None of the Directors on the Board are Independent Directors of more than seven listed companies.

### Membership / Chairmanship of Committees of the Board

None of the Directors is a Member in more than 10 Committees or Chairman of more than 5 Committees across all Companies in which he/she is a Director. Necessary disclosures regarding Committee positions held in other public limited companies have been made by the Directors.

### Information supplied to the Board

Requisite information as specified in Part - A of Schedule II of Regulation 17 of the Listing Regulations are made available to the Board of Directors, whenever applicable, for discussions and consideration at the Meeting. Agenda Papers are circulated to Directors in advance so as to have the focussed and meaningful discussion at the meeting. At every Board Meeting, a presentation is made on the matters covering finance, marketing, operations and any other material/ significant developments. In case of business exigencies or urgency of matters, resolutions are passed by Circulation and the same is put-up to the Board / Committee in the next meeting for taking note thereof. Action Taken Report on the decisions taken at the previous Board / Committee Meetings is placed at their immediately succeeding Meetings for noting.

As required under the Act and Listing Regulations, the Board has constituted mandatory committees. Meetings of the Committees are held, whenever need arises. Minutes of all Committee Meetings are placed before the Board for taking note thereof.

The Board periodically reviews the compliance reports of laws applicable to the Company as also the steps taken to rectify non-compliances, if any.

### Disclosure regarding appointment/ reappointment of Director(s)

Information as required under Regulation 36(3) of the Listing Regulations is annexed to the Notice of AGM.

### Code of Conduct

The Board has laid down a Code of Conduct for all Board Members inter alia incorporating the duties of Independent Directors as laid down in the Act. The Board has also laid down the Code of Conduct for Senior Management Personnel of the Company. These Codes set ethical standards for Directors and Senior Management Personnel. Both the Codes are available on Company's website viz. [www.gnfc.in](http://www.gnfc.in). All Board Members and Senior Management Personnel have affirmed their compliance with the said Code of Conduct. A declaration to this effect signed by the Managing Director for FY 2017-18 is annexed to this Report.

## COMMITTEES OF THE BOARD

The committee constituted by Board play an important role on governance structure of the Company. The Committees are in line with SEBI (LODR) Regulations, 2015 and Companies Act, 2013. The minutes of the committee meetings are tabled at Board Meetings.

### Composition of Committees Of Directors

Your Company has following Board level Committees :

- |  |  |
|--|--|
| A. Audit Committee                           | B. Nomination and Remuneration Committee |
| C. Corporate Social Responsibility Committee | D. Stakeholders Relationship Committee   |
| E. Project Committee                         | F. Human Resource Development Committee  |

Various Committees of Directors have been appointed by Board for making informed decisions in best interest of the company. These committees monitor the activities falling within their respective terms of reference. The Board's Committees are as follows :

### A. AUDIT COMMITTEE

#### Constitution & Composition

Audit Committee seeks to ensure better Corporate Governance and provides assistance to the Board of Directors in fulfilling the Board's overall responsibilities. Audit Committee is constituted in accordance with Regulation 18 of the Listing Regulations read with Section 177 of the Act.

Audit Committee presently comprises of Three (3) Independent Directors viz.

- Shri C.S. Mani, Chairman
- Shri Piruz Khambatta
- Shri Sunil Parekh

Managing Director of the company is a permanent invitee.

All Members possess good knowledge of finance and accounts.

The Company Secretary acts as Secretary of the Committee.

#### Terms of Reference

The terms of reference of Audit Committee is in line with SEBI (LODR) Regulations, 2015 read with Section 177 of the Act, which, inter-alia, include - (i) Review of Quarterly and Annual Financial Statements with the Management before submission to the Board for approval; (ii) Recommendation for appointment, remuneration and terms of appointment of Auditors of the company (iii) Review of adequacy of Internal Control Systems and procedures; (iv) Evaluation of internal financial controls and Risk Management Systems; and (v) Review of reports furnished by the Internal Auditors.

#### Number of Meetings

During FY 2017-18, four Meetings of the Audit Committee were held with a time-gap of not more than 120 days between any two meetings. The dates on which the said meetings were held are : 29.05.2017, 4.08.2017, 8.11.2017, and 22.01.2018. Requisite quorum was present for all the meetings.

#### Attendance at the Meetings

Attendance of each Member at the Audit Committee Meetings held during 2017-18.

No.	Name of Member	No. of Meetings held during the tenure of Membership	No. of Meetings Attended
1	Shri CS Mani	4	3
2	Shri Sunil Parekh	4	4
3	Shri Piruz Khambhatta	4	3
4	Dr. Rajiv Kumar Gupta, IAS*	4	4
*Attended meetings as permanent invitee.			

Shri CS Mani, Chairman of Audit Committee remained present at the AGM of the company held on 29th September, 2017.

Statutory Auditors, Internal Auditors and Senior Management Personnel also attend the meetings by invitation. Cost Auditor attend the meeting by invitation, where the Cost Audit Report is discussed.

The recommendations of the Audit Committee are placed before the Board for its consideration and approval.

## **B. NOMINATION AND REMUNERATION COMMITTEE**

### **Constitution & Composition**

The Board has constituted the "Nomination and Remuneration Committee" in compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations.

This Committee presently comprises of Three (3) Directors viz.

- Shri Piruz Khambatta, Chairman
- Prof. Arvind Sahay and
- Shri CS Mani.

All Members are Non-Executive and Independent Directors.

### **Terms of Reference**

The terms of reference of the Committee, inter-alia, include - (i) Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board for their appointment and removal; and (ii) Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.

### **Number of Meetings and Attendance**

During FY 2017-18, one meeting of the committee was held on 13.07.2017. All directors of the committee attended the said meeting.

### **Performance Evaluation Criteria For Independent Directors**

Evaluation of Independent Director shall be carried out by the entire Board in the same way as it is done for other Directors of the Company keeping in view the role and responsibility of Independent Directors as mentioned in Schedule - IV to the Act. The interested Director shall not participate in the evaluation/s.

An Independent Director shall also be evaluated on the following parameters:

- (1) Exercise of objective independent judgment in the best interest of the company.
- (2) Ability to contribute to and monitor Corporate Governance practice.
- (3) Adherence to the Code of Conduct for Independent Directors

## **C. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

### **Constitution & Composition**

The Corporate Social Responsibility Committee was constituted in compliance with Section 135 and Schedule-VII of the Act. This Committee presently comprises three (3) Directors viz

- Prof. Arvind Sahay , Chairman, Non-Executive & Independent Director
- Shri Sunil Parekh , Non-Executive & Independent Director and
- Dr. Rajiv Kumar Gupta, IAS, Managing Director , Executive & Non-Independent Director (Till 15.7.2018)
- Shri M S Dagur, IAS, Managing Director, Executive & Non-Independent Director (w.e.f. 16.7.2018)

### **Terms of Reference**

The terms of reference of the Committee, inter alia, include - (i) Formulation and recommendation to the Board a CSR Policy indicating CSR projects / programs / activities to be undertaken falling within the purview of Schedule-VII of the Act; (ii) Developing the process of monitoring CSR projects / programs / activities stated in CSR policy from time to time; and (iii) Ensuring that the company spends on CSR Activities, in every financial year, at least 2% of the average Net Profits made during the three immediately preceding financial years in pursuance of its CSR policy.

### Numbers of Meetings & Attendance

During FY 2017-18, one meeting of the committee was held on 25.07.2017. Requisite quorum was present for the meeting.

### D. STAKEHOLDERS RELATIONSHIP COMMITTEE

#### Constitution & Composition

The Stakeholders Relationship Committee was constituted in compliance with Section 178 of the Act and Regulation 20 of the Listing Regulations.

This Committee presently comprises three Directors viz.

- Shri CS Mani, Chairman , Non-Executive & Independent Director
- Smt. Mamta Verma, IAS , Non-Executive & Independent Director and
- Dr. Rajiv Kumar Gupta, IAS, Executive & Non-Independent Director (Till 15.7.2018).
- Shri M S Dagur , IAS, Managing Director , Executive & Non-Independent Director (w.e.f. 16.7.2018)

#### Terms of Reference

The Committee amongst others specifically looks into the issues relating to shareholders such as registration of transfer of shares, issue of share certificates, redressal of shareholders' complaints relating to transfer of shares, non-receipt of Annual Reports / Dividend, etc. This Committee has been delegated authority by the Board to approve transfer / transmission of shares, issue of duplicate share certificates, dematerialisation and re-materialisation of shares, review of status of redressal of complaints, etc. With a view to expediting the process of share transfers, the Board has also delegated the power to Company Secretary to approve transfer / transmission of shares.

#### Number of Meetings and Attendance

During FY 2017-18, Eleven(11) meetings of the Committee were held. Dates on which the said meetings were held are - 28.04.2017, 29.05.2017, 30.06.2017, 4.08.2017, 4.09.2017, 12.10.2017, 13.11.2017, 21.11.2017, 18.12.2017, 30.01.2018 and 10.03.2018.

No.	Name of Member	No. of Meetings held during the tenure of Membership	No. of Meetings Attended
1	Shri CS Mani	11	9
2	Smt. Mamta Verma, IAS	11	7
3	Dr. Rajiv Kumar Gupta, IAS	11	11

### COMPLIANCE OFFICER

Shri T.J. Lakhmapurkar, Company Secretary is the Compliance Officer of the Company for complying with the requirements of SEBI (LODR) Regulations, 2015 as also of SEBI (Prohibition of Insider Trading) Regulations, 2015.

### INVESTORS' GRIEVANCE REDRESSAL

During the year total 16 complaints were received from shareholders and all were resolved. As on 31st March, 2018, no complaint was pending for redressal, no share transfer was pending for registration and no request for dematerialization of shares was pending for confirmation.

### SEPARATE MEETING OF INDEPENDENT DIRECTORS

A separate meeting of Independent Directors, without the attendance of Non-Independent Directors and Members of Management was held on 13.03.2018 as required under Schedule IV to the Companies Act, 2013 read with Regulation 25(3) of the Listing Regulations.

### FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

A system is in place to familiarize the Independent Directors about the company by providing a Director's pack covering the details about the company such as operational & financial highlights, various plants with installed capacity and products manufactured by the company, CSR activities, etc., their role, rights & responsibility, the nature of industry in which the company operates, business model of the company, etc. While considering quarterly and Annual Financial Results, a presentation is made to the Audit Committee and Board, inter-alia, covering operational and financial performance of the company.

The familiarization programme is disclosed on Company's website and can be accessed at web link - <https://www.gnfc.in/PDFandWORD/Familiarisation-of-IDs.pdf>



## REMUNERATION OF DIRECTORS/KEY MANAGERIAL PERSONNEL / SR. MANAGEMENT PERSONNEL AND PERFORMANCE EVALUATION OF DIRECTORS

The Board has approved "Nomination, Remuneration & Evaluation Policy" based on the recommendation of Nomination & Remuneration Committee. The said policy, inter alia, deals with composition and functioning of Nomination & Remuneration Committee, procedure for selection and appointment of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP), remuneration to Directors, KMP and SMP, performance evaluation of Directors, Board Diversity and criteria for performance evaluation of Directors.

The Company has in place various grades for the purpose of remuneration to its employees including Senior Executives. KMP and SMP draw the remuneration of their respective grade and as per the terms & conditions of their appointment.

### Details of remuneration paid to Directors

#### Managing Director

Dr. Rajiv Kumar Gupta, IAS, Additional Chief Secretary to Government of Gujarat (GoG), Labour & Employment Department, was holding additional charge of the post of Managing Director w.e.f. 02.05.2013 till 15.07.2018. No remuneration was paid to him for holding the additional charge of Managing Director for FY 2017-18. With effect from 16.07.2018, Shri M. S. Dagur is appointed as Managing Director of the company for a period of 2 years, subject to approval of shareholders at the Annual General Meeting scheduled on 29.09.2018.

#### Non-Executive Directors

Remuneration of Non-Executive Directors (NEDs) is decided by the Board. NEDs are paid remuneration by way of Sitting Fees only for attending Board or Committees Meeting(s). They were paid sitting fees @ Rs.15,000/- per meeting attended by them during FY 2017-18.

Details of Sitting Fees paid to Non-Executive Directors during 2017-18.

Sr. No.	Name of Director	Sitting Fees paid
1.	Dr. J.N. Singh, IAS	45,000/- *
2.	Shri Anil Mukim, IAS <sup>1</sup>	55,000/- *
3.	Smt. Mamta Verma, IAS	1,75,000/- *
4.	Shri CS Mani	2,35,000/-
5.	Prof. Arvind Sahay	1,00,000/-
6.	Shri Sunil Parekh	2,35,000/-
7.	Shri V.D. Nanavaty	40,000/-
8.	Shri Piruz Khambatta	NIL

<sup>1</sup> Resigned from Board w.e.f. 7.03.2018

\* Amount deposited in Government Treasury

### Equity shares held in the Company by Non-Executive Directors

None of the Non Executive Directors were holding company's equity shares as on 31st March, 2018. The Company has not issued any convertible instruments. Besides, the Company has also not granted any stock option to its Directors.

### General Body Meetings

#### (a) Annual General Meeting (AGM)

During the preceeding three years, company's AGM were held at the Registered Office of the Company at Open Air Theatre, Sports Complex, Narmadanagar Township, P.O. Narmadanagar – 392 015. Dist. Bharuch. The date and time of AGMs held during last three years and the Special Resolutions passed thereat are as follows :

Year	Date of AGM	Time	Special Resolution passed
2016-17	29.9.2017	11:30 AM	i) Re-Appointment of Shri C.S.Mani as an Independent Director ii) Re-Appointment of Prof. Arvind Sahay as an Independent Director
2015-16	30.9.2016	11:30 AM	None
2014-15	26.9.2015	3.00 PM	Adoption of new set of Articles of Association of the Company in conformity with the Companies Act, 2013.

All resolutions moved at the last Annual General Meeting were passed with requisite majority.

**(b) Extra-ordinary General Meeting**

No Extra-ordinary General Meeting of Members was held during FY 2017-18.

**Postal Ballot**

No postal ballot was conducted during FY 2017-18. No resolution is proposed to be passed through postal ballot at the forthcoming Annual General Meeting.

**DISCLOSURES****Related Party Transactions**

The company has formulated a policy on Related Party Transactions which is available on Company's website and can be accessed at web link - <http://www.gnfc.in/PDFandWORD/Related-Party-Transactions-Policy.pdf>

During FY 2017-18, the Company had not entered into any contract / arrangement / transaction with Related Parties, which could be considered material in accordance with the policy on RPTs. In terms of the omnibus approval granted by Audit Committee, a Statement in the summary form of transactions with Related Parties, which are routine and repetitive in nature, in the ordinary course of business and on arm's length basis is periodically placed before the Audit Committee for review and approval. None of the transactions with Related Parties were in conflict with company's interest.

**Accounting treatment**

The Company has followed Indian Accounting Standards (Ind AS) in the preparation of Financial Statements for accounting period for F.Y.2017-2018 as per the road map announced by the Ministry of Corporate Affairs, Government of India. The significant accounting policies which are consistently applied are set out in the Notes to Financial Statements.

**Details of Non-compliance**

The Company has complied with the requirements of Regulatory Authorities. No penalty / stricture was imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to capital markets during last three financial years.

**Risk Management**

The Company has laid down procedures to inform the Board Members about the risk assessment and risk mitigation mechanism. Risk Management Report is periodically reviewed by the Audit Committee / Board.

**Reconciliation of Share Capital Audit**

In compliance with Regulation 55A of SEBI (Depositories & Participants) Regulations, 1996, reconciliation of Share Capital Audit on a Quarterly basis for the purpose of reconciliation of share capital held in dematerialized form with NSDL & CDSL and those held in physical form with total issued and listed capital of the Company, was carried out by a qualified Practicing Company Secretary (PCS).

The Audit Report issued by PCS certifies about reconciliation of total admitted capital with both depositories and the total issued and listed capital of the company. Such Quarterly reports are submitted to BSE & NSE within 30 days from the end of each quarter and also placed before the Board.

**Code of prevention of Insider Trading Practices**

The Company has in place a Code of Conduct for Prevention of Insider Trading under SEBI (Prohibition of Insider Trading) Regulations, 2015. With a view to regulate trading in securities by the designated persons, the Code lays down the guidelines, which advises the designated persons, on the procedures to be followed and disclosures to be made by them, while dealing in Company's shares and cautioning them of the consequences of violations.

The Company has adopted the "Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information", as required under the said Regulations.

**Vigil Mechanism Cum Whistle Blower Policy**

The Company has in place "Vigil Mechanism-cum-Whistle Blower Policy" to provide a formal mechanism to the directors and employees to report their genuine concerns about the unethical behaviour, actual or suspected fraud, etc. The mechanism provides for adequate safeguards against victimization of employees, who use such mechanism. During the year, no employee was denied access to the Audit Committee. The policy is displayed on the Company's website and can be accessed at link [https://www.gnfc.in/PDFandWORD/Vigil-Mechanism-Cum-Whistle%20Blower-Policy\\_21102014.pdf](https://www.gnfc.in/PDFandWORD/Vigil-Mechanism-Cum-Whistle%20Blower-Policy_21102014.pdf)

**CEO / CFO Certification**

In terms of Regulation 17(8) of the Listing Regulations, the Managing Director (CEO) and Chief Financial Officer (CFO) have given Annual Certification on financial reporting and internal controls to the Board. They have also given quarterly certification on unaudited financial results to the Board under Regulation 33(2) of the Listing Regulations.

**Subsidiary Company**

The Company has incorporated a Wholly Owned Subsidiary (WOS) in the name of "Gujarat Ncode Solutions Limited" on 28th February, 2017. The Minutes of Board Meetings of WOS are placed before the company's Board regularly. Since the date of incorporation till the date of this report, the said company has not commenced its commercial activities. The Company does not have any material subsidiary.

**Foreign exchange risk and hedging activities.**

During FY 2017-18, the Company managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging (including natural hedging) foreign exchange exposures against imports and exports.

**Compliance with Corporate Governance Requirements specified in Listing Regulations**

The Company has complied with the requirements of sub-para (2) to (10) of Part-C to Schedule-V to the Listing Regulations.

The Company has also complied with Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations and necessary disclosures thereof have been made in this Corporate Governance report. A Certificate as to the compliance of conditions of Corporate Governance issued by Practising Company Secretary is appended with this report.

**Management Discussion & Analysis**

Management Discussion & Analysis Report forms part of the Annual Report and include discussions on various matters specified under Regulation 34(3) and Schedule-V of the Listing Regulations.

**Means of Communication**

The Company has its own functional website viz. [www.gnfc.in](http://www.gnfc.in) in which provides various information about the Company. A separate dedicated section on "Shareholders" contains useful information and allows the investors to access the same at their convenience. The Quarterly, Half-yearly and Annual Financial Results are regularly submitted to the Stock Exchanges, published in prominent English and Gujarati daily news-papers and are displayed on the Company's Website. The quarterly Shareholding Pattern, Corporate Governance Report, Annual Reports, official press releases and significant development, if any about the company and other information as required to be disclosed under Regulation 30(8) and Regulation 46 of Listing Regulations are also displayed on the Company's Website.

All disclosures like Shareholding pattern, Corporate Governance Report, Financial Results, etc., are filed with BSE and NSE electronically on NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre.

**COMPLIANCE****Mandatory Requirement**

The Company is fully compliant with the applicable mandatory requirements of the Listing Regulations.

**Adoption of Discretionary requirements**

- Auditors' Report on Audited Financial Statements (Standalone and Consolidated) for FY 2017-18 do not contain any modified opinions.

**GENERAL SHAREHOLDER INFORMATION****Annual General Meeting**

Day : Saturday

Date : 29th September, 2018

Time : 11:00 AM

Venue : At the Registered Office of the Company at Open Air Theatre, Sports Complex, Narmadanagar Township,  
P. O. Narmadanagar - 392 015, District : Bharuch.

**Financial Year** : 1st April to 31st March.

**Financial Calendar : (Tentative)**

<u>Results for the Quarter ending on</u>	<u>Announced / will be announced by</u>
* 30th June, 2018	: 9th August, 2018
* 30th September, 2018	: 14th November, 2018
* 31st December, 2018	: 14th February, 2019
* 31st March, 2019	: 30th May, 2019

**Book Closure :**

Closure of Register of Members and Share Transfer Books : Saturday, the 25th August, 2018 to Wednesday, 29th August, 2018 (both days inclusive)

**Dividend Payment Date** : Dividend of Rs.7.5/- per equity share of Rs.10/- each will be paid on or after 8th October, 2018, subject to the approval by the Shareholders at the Annual General Meeting.

**Corporate Identity No.(CIN)** : L24110GJ1976PLC002903

**Listing :**

Equity shares of the Company are presently listed with the following two Stock Exchanges:

1) **National Stock Exchange of India Limited (NSE)**

Exchange Plaza, 5th Floor, Bandra-Kurla Complex, Bandra (E), Mumbai-400051

2) **BSE Limited**

PJ Towers, Dalal Street, Mumbai-400001

GDRs issued by the Company which were listed in the International Market of Luxembourg Stock Exchange, have been voluntarily delisted by the company w.e.f. December 12, 2017.

**Listing Fees to Stock Exchanges**

The Company has paid Annual Listing Fees to NSE and BSE for FY 2018-19.

**Custodial Fees to Depositories**

The Company has also paid custodial fees to National Securities Depository Ltd., and Central Depository Services (India) Ltd., for FY 2018-19.

**OTHER DETAILS**

**Details of Security**

ISIN for the Company's equity shares is : **INE113A01013**. The Stock Code of Company's equity shares at BSE Ltd., Mumbai is **"500670"** and at National Stock Exchange of India Ltd., Mumbai, is **"GNFC EQ"**.

**Stock Market Price Data**

Monthly High & Low of Company's share price on BSE Limited and National Stock Exchange of India Ltd., during FY 2017-18.

(Amount in Rs.)

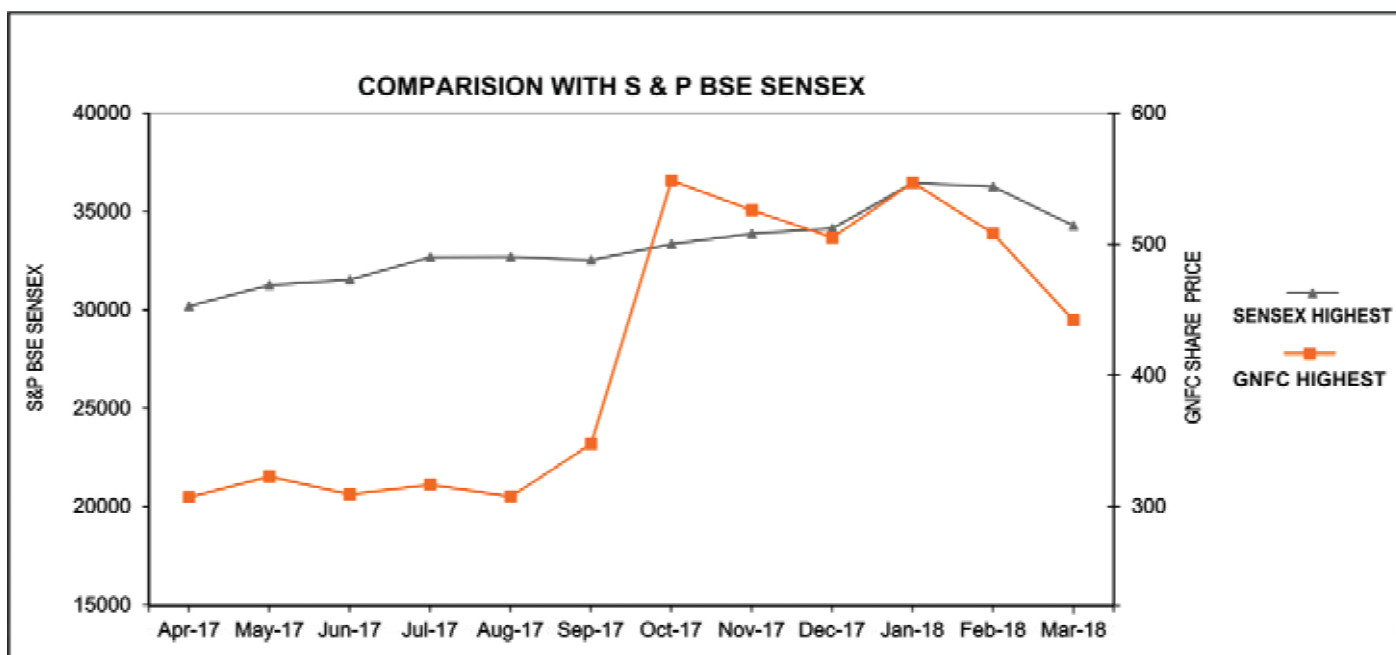
MONTH	BSE		NSE	
	High Price	Low Price	High Price	Low Price
April-17	306.95	267.15	306.75	267.50
May-17	322.95	260.25	322.70	260.00
June-17	309.10	259.35	310.00	259.20
July-17	316.70	271.00	316.80	270.20
August-17	307.50	253.60	307.70	255.00
September-17	347.70	295.65	347.80	295.40
October-17	548.50	306.50	548.50	307.10

MONTH	BSE		NSE	
	High Price	Low Price	High Price	Low Price
November-17	526.05	422.25	526.50	422.00
December-17	505.00	426.60	505.00	425.60
January-18	547.00	463.15	547.40	462.50
February-18	508.00	397.95	508.40	395.25
March-18	442.00	362.90	442.00	362.70

## STOCK PERFORMANCE : 2017-18

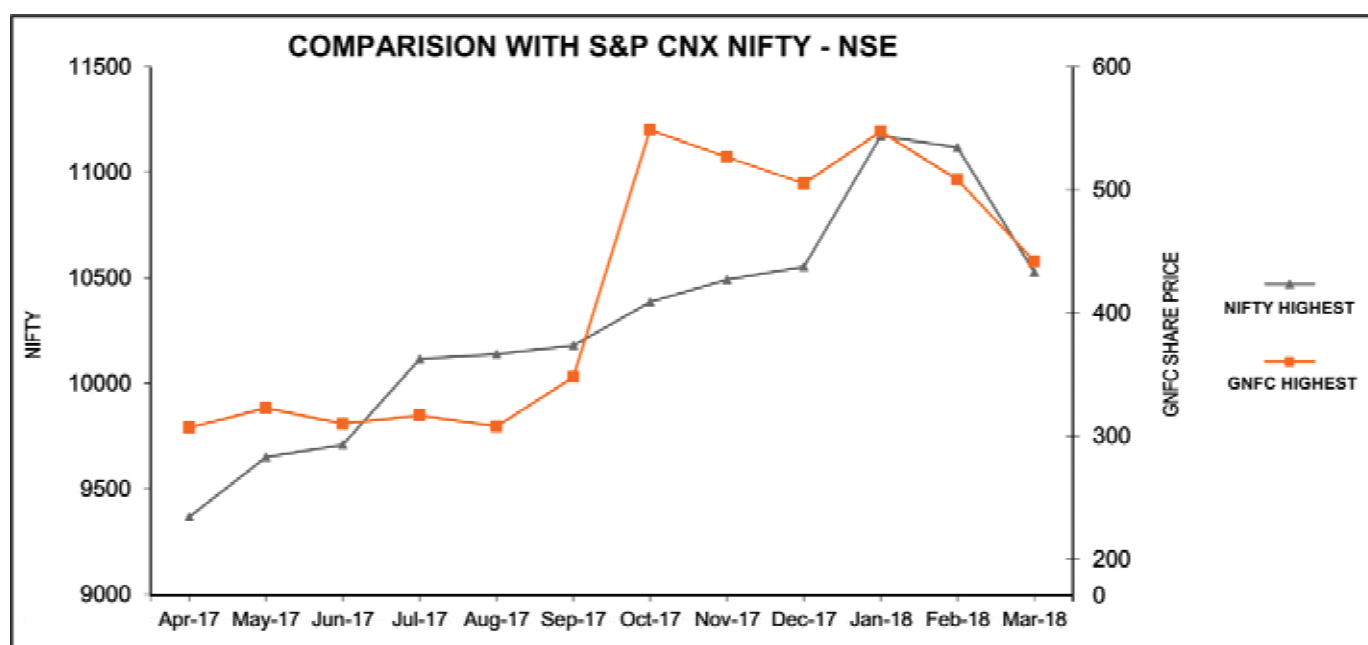
### STOCK PERFORMANCE VS BSE INDEX

MONTH	SENSEX HIGHEST	GNFC HIGHEST (in Rs.)
April-17	30184.22	306.95
May-17	31255.28	322.95
June-17	31522.87	309.10
July-17	32672.66	316.70
August-17	32686.48	307.50
September-17	32524.11	347.70
October-17	33340.17	548.50
November-17	33865.95	526.05
December-17	34137.97	505.00
January-18	36443.98	547.00
February-18	36256.83	508.00
March-18	34278.63	442.00



# STOCK PERFORMANCE VS S&P CNX NIFTY

MONTH	SENSEX HIGHEST	GNFC HIGHEST (in Rs.)
Apr-17	9367.15	306.75
May-17	9649.60	322.70
Jun-17	9709.30	310.00
Jul-17	10114.85	316.80
Aug-17	10137.85	307.70
Sep-17	10178.95	347.80
Oct-17	10384.50	548.50
Nov-17	10490.45	526.50
Dec-17	10552.40	505.00
Jan-18	11171.55	547.40
Feb-18	11117.35	508.40
Mar-18	10525.50	442.00



## Investors' Services:

The Company is registered with the Securities & Exchange Board of India (SEBI) as an in-house Share Transfer Agent - Category - II. Entire work relating to registration of physical transfer of shares as well as dematerialisation / rematerialisation of securities is handled by the Company in-house.

## Share Transfer System:

Equity shares in physical form lodged for transfer with the Company are processed within 15 days from the date of lodgement. All requests for dematerialisation of shares are also processed within 15 days from the date of lodgement. The complaints received from investors and other miscellaneous correspondence regarding change of address, particulars of bank account, dividend payment mandate etc., are processed generally within 15 days from the receipt thereof.

The Board has delegated the authority for approving transfer / transmission of shares, etc., to Company Secretary. A summary of transfer / transmission of shares, etc., so approved by the Company Secretary is placed before the Stakeholders Relationship Committee. The Company obtains from a Company Secretary in Practice, half yearly Certificate to the effect that all share certificates have been issued within 30 days of the date of lodgment of transfer, sub-division, consolidation and renewal as required under Regulation 40(9) of the Listing Regulations and files a copy of the said Certificate with BSE and NSE.



**DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2018**

Sr. No.	Category of Equity Shares	No. of Share holders	% to total Share holders	No. of Shares	% to Total Equity Capital
1	1 to 250	221368	90.62	15232284	9.80
2	251 to 500	12642	5.18	4765983	3.07
3	501 to 1000	5599	2.29	4426250	2.85
4	1001 to 2000	2301	0.94	3521122	2.27
5	2001 to 3000	786	0.32	2013121	1.30
6	3001 to 4000	332	0.14	1193196	0.77
7	4001 to 5000	293	0.12	1385112	0.89
8	5001 to 10000	433	0.18	3190891	2.05
9	10001 and above	505	0.21	119690824	77.00
	<b>TOTAL</b>	<b>244259</b>	<b>100.00</b>	<b>155418783</b>	<b>100.00</b>

**SHAREHOLDING PATTERN OF THE COMPANY AS ON 31ST MARCH, 2018**

Sr. No.	Category of Shareholders	Total No. of Shares	% to Total Equity Capital
1	Promoters & Promoters Group	64006713	41.18
2	Mutual Funds & UTI	7020431	4.52
3	Banks/ Financial Institution & Insurance Companies	16394202	10.55
4	Foreign Institutional Investors (FIIs)	850	0.00
5	Foreign Portfolio Investors (FPIs)	14528890	9.35
6	NRI's / OCBs	2726173	1.75
7	Bodies Corporates	6766167	4.35
8	Co-operative Societies	339650	0.22
9	Indian Public	41450784	26.67
10	Shares In Pool A/c ( As reported by Depositories)	570832	0.37
11	Shares held by Custodians and against which Depository Receipts have been issued	73740	0.05
12	I E P F A/C	1540351	0.99
	<b>TOTAL</b>	<b>155418783</b>	<b>100.00</b>

**Dematerialization of Shares & Liquidity:**

As on 31st March, 2018, 94.04% of the shares were held in dematerialized form and remaining shares in physical form. As notified by SEBI, the equity shares of the Company are permitted to be traded only in dematerialized form.

**Shares held in "Unclaimed Suspense Account" :**

Statement showing the details of delivery of unclaimed shares given to shareholders during the period from 1st April, 2017 to 31st March, 2018 as per Clause 39(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31.03.2018 :

Sr. No.	Particulars	No. of Shareholders	No. of Shares
(i)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year.	4074	166977
(ii)	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year.	23	925
(iii)	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year.	23	925

Sr. No.	Particulars	No. of Shareholders	No. of Shares
(iv)	No. of Shares liable to be transferred to IEPF Authority Demat A/C as per IEPF Authority Rules and hence transferred on 30-11-2017.	3238	121479
(v)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	813	44573

**Notes :**

1. All corporate benefits in terms of securities accruing on such shares viz. bonus shares, split etc. shall also be credited to such Unclaimed Suspense Account.
2. The voting rights on such shares shall remain frozen till the rightful owner claims the shares.
3. This Account is being held by the Company purely on behalf of the shareholders entitled for their unclaimed shares.

**Outstanding GDRs:**

14,748 GDRs were outstanding as on 31st March, 2018 which represents 73,740 equity shares. There are no other outstanding instruments convertible into equity shares in future.

**Plant Locations :**

All the manufacturing Plants of the Company are located at the Registered Office situated at P.O. Narmadanagar - 392 015, Dist. Bharuch. The Company has set up a 50,000 MTPA TDI-II Project at P.O. Dahej - 392130, Taluka - Vagra, Dist. Bharuch.

Activities in the area of Information Technology (IT) are being carried out at the Registered Office as also at GNFC Infotower, 3rd Floor, Bodakdev, Gandhinagar-Sarkhej Highway, Ahmedabad - 380 054 and at GIFT City, 14th Floor, GIFT One Road, 5-C Zone-5, Gandhinagar - 382355.

**Address for Correspondence:**

All correspondence relating to Company's shares should be forwarded to:  
Investor Service Centre  
Secretarial & Legal Department  
Gujarat Narmada Valley Fertilizers & Chemicals Ltd  
'Narmada House', Corporate Office,  
P.O. Narmadanagar - 392 015, Dist. Bharuch.  
Phone : 02642 247002 (Extn : 2208), 02642 - 662227 / 662240 / 662282  
Telefax : 02642 - 247084, E-mail : investor@gnfc.in

**Exclusive E-mail ID for redressal of Investors' Complaints**

The Company has designated E-mail ID "investor@gnfc.in" exclusively for the purpose of registering complaints by investors.

## Declaration regarding compliance of Company's Code of Conduct by the Board Members and Senior Management Personnel.

To the Members of Gujarat Narmada Valley Fertilizers & Chemicals Ltd.

Sub : Compliance with Code of Conduct - Financial Year 2017-18

In accordance with SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with their respective Code of Conduct as adopted by the Board of Directors of the Company, for the Financial Year ended 31st March, 2018.

Place : Gandhinagar  
Date : 26th April, 2018

**DR. RAJIV KUMAR GUPTA, IAS**  
**MANAGING DIRECTOR**

**CERTIFICATE BY PRACTICING COMPANY SECRETARY ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER PROVISIONS OF CHAPTER - IV OF SECURITIES & EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To,

**The Members of Gujarat Narmada Valley Fertilizers & Chemicals Limited**

We have examined the compliance of conditions of Corporate Governance by **Gujarat Narmada Valley Fertilizers & Chemicals Limited** ('the company') for the year ended 31st March, 2018 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-Regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as 'SEBI Listing Regulations, 2015')

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said SEBI Listing Regulations, 2015. 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 and based on the representations made by the Directors and the Management of the Company, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015, as applicable.

We state that as at 31st March, 2018, no investor grievance was pending for a period of one month against the Company as per the records maintained by the Company and presented to Stakeholders Relationship Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Gaudana & Gaudana  
(Company Secretaries)**

(Formerly known as Arvind Gaudana & Company)

**CS Arvind Gaudana  
Senior Partner**

Place: Ahmedabad

Date : 3rd August, 2018

FCS No: 2838, C.P. No: 2183

## IMPORTANT INFORMATION FOR SHAREHOLDERS

### GREEN INITIATIVE

To support the Green Initiative of Government of India, the company sends Annual Report to the shareholders in electronic form whose addresses are made available by the Depositories and/or Members since FY 2010-11. Members are requested to register /update their e-mail address with their Depository Participant (DP) for the shares held in demat form or with the company for shares held in physical form.

### Nomination Facility

The Companies Act, 2013, provides facility for making nomination by shareholders in respect of their shares. Such nomination facilitates transmission of shares from the name of deceased shareholder to his / her nominee without going through the time consuming and cumbersome process of obtaining succession certificate / probate of the Will. It would be in the interest of shareholders holding shares in single name to make such nomination without delay. Nomination will have to be made in Form No SH-13, which is available on Company's website. In respect of shares held in electronic form, nomination may be directly registered with DP.

### Payment of Dividend

Dividend of Rs. 7.50 per equity share (75%) recommended by the Board of Directors of the Company for the financial year ended 31st March, 2018, will be paid to the shareholders on or after 8th October, 2018 subject to the approval of shareholders at the Annual General Meeting (AGM).

### Closure of Register of Members & Share Transfer Books for Dividend

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 25th August, 2018 to Wednesday, the 29th August, 2018, (both days inclusive) for determining the entitlement for payment of dividend.

### Transfer of Dividend and corresponding Ordinary Shares to the Investor Education and Protection Fund

In accordance with the provisions of Section 124 and other applicable provisions, if any, of the Companies Act, 2013 and relevant Rules made there under, the Company has transferred the dividend amount, remaining unclaimed for a period of seven years from the respective date of transfer to "Unpaid Dividend Account" for the Financial Years 1994-95 to 2009-10 to Investor Education & Protection Fund (IEPF), set up by the Central Government.

Shareholders may claim their unclaimed dividend for the years prior to and including the financial year 2009-10 and the corresponding shares, from the IEPF Authority by applying in the prescribed Form No. IEPF-5. This Form can be downloaded from the website of the IEPF Authority [www.iepf.gov.in](http://www.iepf.gov.in), the access link of which is also available on the Company's website [www.gnfc.in](http://www.gnfc.in) under the section 'Shareholders'.

The unclaimed dividend for the below mentioned years and the corresponding shares will be transferred by the Company to IEPF in accordance with the schedule given below. In this regard, we have informed, vide our letter dated 16/07/2018, to all those shareholders who have not claimed their dividend amount for a consecutive period of seven years from financial year 2010-11, advising them to write to the Investor Service Centre of the Company (ISC) and claim their dividend amount before due date of transfer of shares to IEPF Authority. The due date of transfer of such shares to IEPF Authority is 23.10.2018.

Financial Year	Dividend Identification No.	Date of Declaration of Dividend	Due Date for transfer to IEPF
2010-11	28 <sup>th</sup>	17-09-2011	October, 2018
2011-12	29 <sup>th</sup>	22-09-2012	October, 2019
2012-13	30 <sup>th</sup>	21-09-2013	October, 2020
2013-14	31 <sup>st</sup>	26-09-2014	October, 2021
2015-16	32 <sup>nd</sup>	30-09-2016	October, 2023
2016-17	33 <sup>rd</sup>	29-09-2017	October, 2024

### Furnishing Bank Mandate and PAN to the Company

Securities and Exchange Board of India (SEBI) has vide circular dated 20/04/2018 made it mandatory to make the payment of dividend through electronic channel such as ECS/RTGS/NEFT or to print Bank Account details on Dividend Warrant/ Demand Draft/Banker's cheque.

Members who hold physical shares and have not yet submitted their Bank details are requested to provide their Bank Account and PAN details to the Company as this would enable them to receive the dividend directly in their Bank Account, thereby avoiding postal delay / loss of dividend warrants in postal transit.

Bank Mandate Form for furnishing bank account details has been provided on Page No.199 of this Annual Report and is also available on Company's website: [www.gnfc.in](http://www.gnfc.in).

### **Transfer of shares in Dematerialized Form only**

Securities and Exchange Board of India (SEBI) has vide its notification dated 08/06/2018 amended Regulation 40 of SEBI (LODR) Regulations, 2015, mandating the transfer of securities to be carried out only in Dematerialized Form.

Further, Stock Exchanges have also informed the company that request for effecting transfer of securities shall not be proceed unless the securities are held in Dematerialized Form with the Depositories w.e.f. 05/12/2018. In this regards we have informed, vide our letter dated 20th August, 2018, to all those shareholders holding shares in physical form to get their shares dematerialized before last date.

### **E-Voting**

Pursuant to Section 108 of the Companies Act, 2013 and Regulation 44 of SEBI (Listing obligations & Disclosure Requirements) Regulations, 2015, the Company is providing facility to its Members to exercise their vote by electronic means through CDSL in respect of the business to be transacted at this AGM. The Company has fixed 22nd September, 2018 as cut-off date for determining the voting rights of shareholders. The remote e-voting will commence at 9.00 AM on 26-09-2018 and will close at 5.00 PM on 28-09-2018.

### **SOME IMPORTANT NOTES:**

1. Members desirous of obtaining information as regards the Accounts are requested to write to the Company at least fifteen (15) days before the date of Meeting, so as to enable the Company to make the information available at the Meeting.
2. Members holding shares in Dematerialised form are requested to send their instructions regarding change of address, details of Bank Account, Nomination, Power of Attorney, E-mail address etc. directly to their Depository Participant (DP) with whom the Demat Account is maintained.
3. In case of death of shareholder, the surviving / legal heir of deceased are requested to submit following documents to the Company for transmission of shares

#### **In case where the shares are held jointly by the shareholder(s) ;**

- a. An application for deletion of name duly signed by the surviving shareholder(s).
- b. Attested copy of Death Certificate of deceased shareholder(s).
- c. Attested copy of PAN Card of surviving shareholder(s).
- d. Original Share Certificate(s).

#### **In case where the shares are held in Single Name.**

- a. An application for transmission of shares duly signed by the legal heir of the deceased shareholder(s).
- b. An attested copy of Death Certificate of the deceased shareholder(s).
- c. Attested copy of Certificate giving details of all legal heir(s) / Pedigree (Pedhi Nama) issued by any Competent Authority.
- d. Attested copy of the PAN Card(s) of legal heir(s) in whose name the shares are to be transmitted.

### **Procedure for transposition of names in shares:**

- a. An application for transposition of name duly signed by all the Share holder(s).
- b. Original Share Certificates. and Self attested copy of the PAN Card(s) of all the Share holder(s).

### **REGARDING ANNUAL REPORT / ANNUAL GENERAL MEETING**

1. The Company has sent to the Members, Attendance Slip along with Annual Report. Kindly bring with you Attendance Slip and handover the same at the entrance of place of Meeting.
2. Arrangement for Buses from ST Depot, Bharuch to the place of Meeting will be made by the Company on the day of Meeting from 9.30 A.M. onwards as the meeting is scheduled to be held at 11.00 A.M.

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED

#### Report on the Standalone Ind AS Financial Statements

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

#### Management's Responsibility for the 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, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

#### Opinion

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



### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 purpose 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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 36 to the standalone Ind AS financial statements;
    - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**per Sukrut Mehta**

Partner

Place of Signature: Ahmedabad

Date: April 23, 2018

Membership Number: 101974

**Annexure 1 referred to in paragraph on Report on Other Legal and Regulatory Requirements of our report of even date of Gujarat Narmada Valley Fertilizers & Chemicals Limited for the year ended March 31, 2018**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of property, plant and equipment to cover all the items in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties, included in property, plant and equipment are held in the name of the Company. In respect of immovable properties of land that have been taken on lease and disclosed as property, plant and equipment (Note 4) in the financial statements, the lease agreements are yet to be entered in the name of the Company, although the Company is the lessee as per the arrangement.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a Company in which the Director is interested to which provisions of section 185 of the Companies Act, 2013 apply and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of section 186 of the Companies Act 2013 in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order 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 Companies Act, 2013, related to the manufacture of fertilizer and industrial products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income-Tax, Sales-Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues applicable to it. The provision of employees' state insurance is not applicable to the Company.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of Excise Duty, Service Tax, Customs Duty, Sales Tax and Value Added Tax on account of any dispute, are as follows:

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs. in Crores)	Amount Unpaid* (Rs. in Crores)
Central Excise Act, 1944	Excise Duty	CESTAT, Ahmedabad	1997-2002	1.93	1.19
			2002-2005	0.06	0.01
			2010-2016	1.03	0.95
		Commissioner Appeals, Vadodara	2015-2016	0.52	0.50
		Supreme Court, New Delhi	2003-2005	12.14	5.69
Finance Act, 1994	Service Tax	CESTAT, Ahmedabad	2011-2014	22.37	19.24
Customs Act, 1962	Customs Duty	Commissioner Appeals – Customs, Mumbai	2005-2008	123.57	118.57
Central Sales Tax Act, 1994/Gujarat Value Added Tax Act, 2004	Value Added Tax/Central Sales Tax/ Entry Tax	Gujarat Value added Tax tribunal, Ahmedabad	2006-2007	12.41	11.91
			2007-2008	17.19	16.69
		Joint Commissioner of Commercial Tax, Vadodara	2008-2011	28.49	20.36
			2012-2013	12.08	5.19
Maharashtra VAT Act, 2002		Joint Commissioner of Sales Tax, Pune	2010-2011	0.05	0.05
Madhya Pradesh VAT Act, 2002		VAT Appellate Authority, Bhopal	2015-2016	0.11	0.10

\* Net of amounts paid under protest

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and the government. The Company has not issued any debentures.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) of the Order is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud / material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the Company has not paid / provided managerial remuneration during the year and hence reporting under clause (xi) of the Order is not applicable to the Company and hence not commented upon.

- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**per Sukrut Mehta**

Partner

Place of Signature: Ahmedabad

Date: April 23, 2018

Membership Number: 101974

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Gujarat Narmada Valley Fertilizers & Chemicals Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain

reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**per Sukrut Mehta**

Partner

Membership Number: 101974

Place of Signature: Ahmedabad

Date: April 23, 2018

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2018**

(Rs. in Crores)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	4	4,114.73	4,395.88
(b) Capital work-in-progress	4	13.67	14.41
(c) Investment property	5	18.98	19.41
(d) Intangible assets	6	27.41	26.93
(e) Financial assets			
(i) Investments	7	726.00	762.44
(ii) Loans and advances	8	75.76	78.22
(iii) Other financial assets	9	10.05	70.86
(f) Income tax assets (net)	25	40.53	38.68
(g) Other assets	11	37.45	38.77
		<b>5,064.58</b>	<b>5,445.60</b>
<b>II. Current assets</b>			
(a) Inventories	12	680.64	661.79
(b) Financial assets			
(i) Trade receivables	10	1,120.08	1,111.53
(ii) Cash and cash equivalents	13	6.14	4.10
(iii) Other bank balances	14	10.01	8.41
(iv) Loans and advances	8	15.41	16.21
(v) Other financial assets	9	33.12	323.37
(c) Other assets	15	243.32	331.54
		<b>2,108.72</b>	<b>2,456.95</b>
<b>Total</b>		<b>7,173.30</b>	<b>7,902.55</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	16	155.42	155.42
(b) Other equity	17	4,302.56	3,646.17
		<b>4,457.98</b>	<b>3,801.59</b>
<b>Liabilities</b>			
<b>I. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	-	533.41
(b) Long-term provisions	21	173.44	132.67
(c) Deferred tax liabilities (net)	25	478.67	386.92
(d) Government grants (deferred income)	22	880.47	941.12
		<b>1,532.58</b>	<b>1,994.12</b>
<b>II. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	229.56	1,073.31
(ii) Trade payables	19	431.47	340.11
(iii) Other financial liabilities	20	167.84	439.82
(b) Other liabilities	23	133.19	74.13
(c) Short-term provisions	24	55.12	40.49
(d) Government grants (deferred income)	22	65.65	76.67
(e) Liabilities for current tax (net)	25	99.91	62.31
		<b>1,182.74</b>	<b>2,106.84</b>
<b>Total</b>		<b>7,173.30</b>	<b>7,902.55</b>

The accompanying notes are an integral part of these financial statements.

For and on behalf of the Board of Directors,

**D. V. Parikh**  
General Manager & CFO  
Place : Gandhinagar  
Date : April 23, 2018

**T. J. Lakmapurkar**  
Company Secretary

**Dr. Rajiv Kumar Gupta**  
Managing Director

**Dr. J. N. Singh**  
Chairman

AS PER OUR REPORT OF EVEN DATE  
For **S R B C & CO LLP**  
Chartered Accountants  
(Firm Registration No.: 324982E/E300003)

per **Sukrut Mehta**  
Partner  
Membership No. 101974

Place : Ahmedabad  
Date : April 23, 2018



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

(Rs. in Crores)

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
<b>Income</b>			
Revenue from operations	26	5,916.59	4,944.81
Other income	27	141.52	224.86
<b>Total</b>		<b>6,058.11</b>	<b>5,169.67</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	28	2,383.19	1,836.65
Purchase of traded goods	29A	45.02	248.59
Purchase of goods and services IT division	29B	101.63	104.07
Decrease in inventories of finished goods, work-in-progress and traded goods	30	2.89	2.51
Power, fuel and other utilities		887.99	779.34
Excise duty		79.28	356.04
Employee benefits expense	31	394.96	374.37
Finance costs	32	99.71	203.44
Depreciation and amortization expense	33	270.47	251.44
Other expenses	34	631.00	590.40
<b>Total</b>		<b>4,896.14</b>	<b>4,746.85</b>
<b>Profit before exceptional items and tax</b>		<b>1,161.97</b>	<b>422.82</b>
<b>Exceptional items</b>	44	-	292.23
<b>Profit before tax</b>		<b>1,161.97</b>	<b>715.05</b>
<b>Tax expense</b>			
Current tax		383.70	82.63
Deferred tax		(11.25)	111.12
<b>Total tax expense</b>	25	<b>372.45</b>	<b>193.75</b>
<b>Profit for the year</b>	(A)	<b>789.52</b>	<b>521.30</b>
<b>Other comprehensive income</b>			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plans		(40.86)	(9.28)
Income tax effect (credit)	25	14.14	3.21
Net (loss) / gain on FVTOCI equity investments		(36.45)	29.12
Income tax effect (credit)	25	23.57	17.12
<b>Net other comprehensive (expense) / income not to be reclassified to profit or loss in subsequent periods</b>		<b>(39.60)</b>	<b>40.17</b>
<b>Total other comprehensive (expense) / income for the year, net of tax</b>	(B)	<b>(39.60)</b>	<b>40.17</b>
<b>Total comprehensive income for the year, net of tax</b>	(A)+(B)	<b>749.92</b>	<b>561.47</b>
<b>Earnings per Share - (Face value of Rs. 10 each) Basic and Diluted (in Rs.)</b>	35	<b>50.80</b>	<b>33.54</b>

The accompanying notes are an integral part of these financial statements.

For and on behalf of the Board of Directors,

**D. V. Parikh**  
General Manager & CFO

**T. J. Lakhmapurkar**  
Company Secretary

**Dr. Rajiv Kumar Gupta**  
Managing Director

**Dr. J. N. Singh**  
Chairman

Place : Gandhinagar  
Date : April 23, 2018

Place : Ahmedabad  
Date : April 23, 2018

AS PER OUR REPORT OF EVEN DATE  
For **S R B C & CO LLP**  
Chartered Accountants  
(Firm Registration No.: 324982E/E300003)

**per Sukrut Mehta**  
Partner  
Membership No. 101974

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

(A) Equity share capital		(Rs. in Crores)
Particulars	Note	Amount
Balance as at April 01, 2016		155.42
Changes in equity share capital	16	-
Balance as at March 31, 2017		155.42
Changes in equity share capital	16	-
Balance as at March 31, 2018		155.42

(B) Other equity		(Rs. in Crores)				
Particulars	Reserve and surplus				Other	Total
	Capital reserve	Securities premium	General reserve	Retained earnings	Comprehensive Income FVTOCI reserve	
	Note 17.1	Note 17.1	Note 17.1	Note 17.1	Note 17.2	
Balance as at April 01, 2016	0.64	313.31	2,189.76	157.38	461.03	3,122.12
Profit for the year	-	-	-	521.30	-	521.30
Other comprehensive (expense) / income for the year	-	-	-	(6.07)	46.24	40.17
Total comprehensive income for the year	-	-	-	515.23	46.24	561.47
Dividend paid during the year (refer Note 17.3)	-	-	-	(31.09)	-	(31.09)
Dividend distribution tax (refer Note 17.3)	-	-	-	(6.33)	-	(6.33)
Balance as at March 31, 2017	0.64	313.31	2,189.76	635.19	507.27	3,646.17
Profit for the year	-	-	-	789.52	-	789.52
Other comprehensive expense for the year	-	-	-	(26.72)	(12.88)	(39.60)
Total comprehensive income for the year	-	-	-	762.80	(12.88)	749.92
Dividend paid during the year (refer Note 17.3)	-	-	-	(77.71)	-	(77.71)
Dividend distribution tax (refer Note 17.3)	-	-	-	(15.82)	-	(15.82)
Transfer from retained earnings	-	-	115.00	(115.00)	-	-
Balance as at March 31, 2018	0.64	313.31	2,304.76	1,189.46	494.39	4,302.56

The accompanying notes are an integral part of these financial statements.

For and on behalf of the Board of Directors,

**D. V. Parikh**  
General Manager & CFO

**T. J. Lakhmapurkar**  
Company Secretary

**Dr. Rajiv Kumar Gupta**  
Managing Director

**Dr. J. N. Singh**  
Chairman

Place : Gandhinagar  
Date : April 23, 2018

AS PER OUR REPORT OF EVEN DATE  
For **S R B C & CO LLP**  
Chartered Accountants  
(Firm Registration No.: 324982E/E300003)

per **Sukrut Mehta**

Partner

Membership No. 101974

Place : Ahmedabad  
Date : April 23, 2018

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

(Rs. in Crores)

Particulars	March 31, 2018	March 31, 2017
<b>Cash flow from operating activities</b>		
<b>Profit before tax as per statement of profit and loss</b>	<b>1161.97</b>	<b>715.05</b>
Adjustments for:		
Reversal of impairment provision on property, plant and equipment	-	(292.23)
Loss / (profit) on sale / disposal of property, plant and equipment	1.70	(18.62)
Depreciation and amortization	270.47	251.44
Interest income	(12.51)	(31.58)
Income from dividend	(6.57)	(5.93)
Amortization of grant received (income)	(71.67)	(98.85)
Gain (adjustment) on decapitalisation of property, plant and equipment	(10.91)	-
Foreign exchange (gain) / loss	(4.67)	3.60
Finance cost	93.38	203.44
Premium on forward contracts	4.44	4.16
Provision for Contingencies	12.66	-
Provision for doubtful debts / advances (net)	4.70	10.63
<b>Operating profit before working capital changes</b>	<b>1,442.99</b>	<b>741.11</b>
Movements in working capital :		
(Increase) / decrease in trade receivables	(13.25)	370.24
(Increase) / decrease in inventories	(18.85)	39.47
Decrease in financial assets	351.04	406.18
Decrease / (Increase) in loans and advances and other assets	75.01	(66.62)
Increase in provision	42.74	20.52
Increase in trade payables and other liabilities	150.42	79.69
(Decrease) in financial liabilities	(4.25)	(67.92)
Cash generated from operations	2025.85	1522.67
Direct taxes paid	(210.50)	(77.49)
Refund received	3.23	-
<b>Net cash flow from operating activities (A)</b>	<b>1818.58</b>	<b>1445.18</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment (Including capital work In progress and capital advances)	(23.31)	(90.88)
Proceeds from sale / concession received of property, plant and equipment (refer Note 4)	55.15	3.50
Purchase of investments	(0.01)	(1.01)

(Rs. in Crores)

Particulars	March 31, 2018	March 31, 2017
Change in other bank balances	1.60	(1.81)
Interest received	9.48	31.50
Income from dividend	6.57	5.93
<b>Net cash flow generated from / (used in) investing activities (B)</b>	<b>49.48</b>	<b>(52.77)</b>
<b>Cash flows from financing activities</b>		
Proceeds from short term borrowings	3982.68	3298.77
Repayment of short term borrowings	(4,368.20)	(3,332.12)
Repayment of long-term borrowings	(825.65)	(790.22)
Interest paid	(90.90)	(207.59)
Dividend Paid (Including dividend tax)	(93.53)	(37.41)
Premium on forward contracts	(4.44)	(4.16)
<b>Net cash used in financing activities (C)</b>	<b>(1,400.04)</b>	<b>(1,072.73)</b>
<b>Net increase in cash and cash equivalents (A + B + C)</b>	<b>468.02</b>	<b>319.68</b>
Cash and cash equivalents at the beginning of the year	(564.74)	(884.42)
<b>Cash and cash equivalents at the end of the year</b>	<b>(96.72)</b>	<b>(564.74)</b>
<b>Notes:</b>		
Component of Cash and Cash equivalents (refer note 2 below)		
- Cash on hand	0.12	0.10
- Balances with bank on current accounts	6.02	4.00
<b>Total (refer Note 13)</b>	<b>6.14</b>	<b>4.10</b>
Less: Cash credit and overdraft accounts (refer Note 18)	102.86	568.84
<b>Total cash and cash equivalents</b>	<b>(96.72)</b>	<b>(564.74)</b>

The accompanying notes are an integral part of these financial statements.

- (1) The Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on Statement of Cash Flows issued by the Institute of Chartered Accountants of India.
- (2) During the year, Company revised the classification of component of Cash and Cash equivalent whereby including amount of bank overdrafts which are repayable on demand.

For and on behalf of the Board of Directors,

**D. V. Parikh**  
General Manager & CFO  
Place : Gandhinagar  
Date : April 23, 2018

**T. J. Lakmapurkar**  
Company Secretary

**Dr. Rajiv Kumar Gupta**  
Managing Director

**Dr. J. N. Singh**  
Chairman

AS PER OUR REPORT OF EVEN DATE  
For **S R B C & CO LLP**  
Chartered Accountants  
(Firm Registration No.: 324982E/E300003)

**per Sukrut Mehta**  
Partner  
Membership No. 101974

Place : Ahmedabad  
Date : April 23, 2018

## Notes to the Standalone Financial Statements for the year ended March 31, 2018

### 1 Corporate information

The financial statements comprise financial statements of Gujarat Narmada Valley Fertilizers & Chemicals Limited ('the Company') for the year ended March 31, 2018. The Company is a public company domiciled in India and is incorporated under the 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 P.O: Narmadanagar-392 015, Dist.: Bharuch, Gujarat.

The Company is one of India's leading companies engaged in the manufacturing and selling of fertilizers, industrial chemical products and rendering IT services.

The financial statements were authorized for issue in accordance with a resolution of the directors on April 23, 2018.

### 2 Basis of preparation

**2.1** The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Derivative financial instruments,
- Defined benefit plans – plan assets measured at fair value; and
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

In addition, the financial statements are presented in INR and all values are rounded to the nearest Crore (INR 00,00,000), except when otherwise indicated.

#### Changes in accounting policies and disclosures

'The Company applied for the first time amendments to Ind AS 7 Statement of Cash Flows: Disclosure Initiative, which are effective for the annual periods beginning on or after April 01, 2017.

'The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Company has provided the information for the current period in Note 13.

### 2.2 Summary of 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 is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle; or
- Held primarily for the purpose of trading; or
- 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.

A liability is current when:

- It is expected to be settled in normal operating cycle; or
- It is held primarily for the purpose of trading; or
- 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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The Company classifies all other liabilities as non-current.

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

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

### b) Foreign currency transactions :

The Company's financial statements are presented in INR, which is functional currency of the Company. The Company determines the functional currency and items included in the financial statements are measured using that functional currency.

### c) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception that the Exchange differences arising on long-term foreign currency monetary items related to acquisition of a property, plant and equipment (including funds used for projects work in progress) recognized in the Indian GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period i.e. March 31, 2016 are capitalized / decapitalized to cost of Property, Plant and Equipment and depreciated over the remaining useful life of the asset.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions.

### d) Fair value measurement

The Company measures financial instruments, such as, derivatives 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



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between 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.

The Company's Management determines the policies and procedures for both recurring fair value measurement, such as derivative financial instruments and unquoted financial assets measured at fair value and for non recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as properties, investments. Involvement of external valuers is decided upon annually by the Management and in specific cases after discussion with and approval by the Company's Audit Committee. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (refer Note 48)
- Quantitative disclosures of fair value measurement hierarchy (refer Note 48.2)
- Investment in unquoted equity shares (refer Note 7)
- Investment properties (refer Note 5)
- Financial instruments (including those carried at amortized cost) (refer Note 48.1)

### e) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Revenues are inclusive of excise duty and net of returns and allowances, trade discounts and rebates. The Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty up to June 30, 2017. Sales tax/ value added tax (VAT) / Goods and Service Tax (GST) is not received by the Company on its own account, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognized.

#### Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with delivery of goods. Revenue from export sales are recognized based on delivery terms. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable including excise duty, net of returns and allowances, trade discounts and volume rebates.

#### Urea product subsidy

Urea Subsidy under the New Urea Policy - 2015 is recognised as per concession rates notified by the Government of India

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Gol) for the quantity received at the destination. Urea Subsidy is further adjusted for input price escalation/ de-escalation as estimated by the Management based on the prescribed norms. The Company recognises for the same on sales quantity basis.

### **ANP product subsidy**

ANP Subsidy under Nutrient Based Subsidy (NBS) w.e.f. 01.04.2010 and amendments thereto is recognised as per the concession rates notified by the Government of India (Gol) for the quantity received at the destination. The Company recognises for the same on sales quantity basis.

### **Urea and ANP freight subsidy**

Freight Subsidy is recognized for the quantity received at the destination based on the notified rates approved by the Gol in case of Urea and on the normative notified rates approved by the Gol or the actual freight whichever is lower in case of ANP.

### **Rendering of services (including contracted services)**

Income from services rendered by the Information Technology division is recognized as and when the services are rendered based on the agreement/arrangement with the concerned parties.

### **Contracted services**

Revenue from construction contracts of Information Technology division is recognized on a percentage completion method, in proportion that the contract costs incurred for work performed up to the reporting date stand to the estimated total contract costs indicating the stage of completion of the project. Contract revenue earned in excess of billing is reflected under the head "Other current assets" and billing in excess of contract revenue is reflected under the head "Other current liabilities" in the balance sheet. Full provision is made for any loss in the year in which it is first foreseen and cost incurred towards future contract activity is classified as project work in progress.

Income from fixed price contract - revenue from development project/services under fixed price contract, where there is no uncertainty as to measurement or collectability of consideration is recognized based on milestones reached under the contract.

### **Interest income**

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit or loss.

### **Dividends**

Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

### **Insurance claims**

Claims receivable on account of insurance are accounted for to the extent the Company is virtually certain of their ultimate collection.

## **f) Government grants and export incentives**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset except to the extent adjustments are recognised on account of change in estimate as per para 37 of Ind AS 8 to the carrying amount of the related assets.

### **Export incentive**

Export incentives under various schemes notified by government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Income from Energy Savings Certificates

Income from energy savings certificates under the scheme of Government of India through Bureau of Energy Efficiency, Ministry of Power ('BEE') called 'Perform, Achieve and Trade mechanism is accrued in the year in which the certificates are issued by BEE and is initially measured at its best estimate of the realisable amount. After the initial measurement, the realisable amount is adjusted based on the latest available information about realisable price of such certificates, with changes recognised in the statement of profit and loss.

### g) Taxes

Tax expense comprises of current income tax and deferred tax.

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax (including Minimum Alternate Tax (MAT)) is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

Current income tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is provided using the liability approach 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 associates, 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 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 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 deductible temporary differences associated with investments in associates, 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 profit will be available against which the temporary differences can be utilized.

The Company is eligible and claiming tax deductions available under section 80IA of the Income Tax Act, 1961 for a period of 10 years w.e.f FY 2011-12 in respect of windmill income. In view of Company availing tax deduction under Section 80IA of the Income Tax Act, 1961, deferred tax has been recognized in respect of temporary difference, which will reverse after the tax holiday period in the year in which the temporary difference originate and no deferred tax (assets or liabilities) is recognized in respect of temporary difference which reverse during tax holiday period, to the extent such gross total income is subject to the deduction during the tax holiday period. For recognition of deferred tax, the temporary difference which originate first are considered to reverse first.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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 future 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 date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

The Company recognizes deferred tax credits in the nature of Minimum Alternate Tax (MAT) credit entitlement only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT tax credit is allowed to be carried forward, sufficient to utilize the MAT credit entitlement. In the year in which the Company recognises MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The carrying amount of tax credit is reviewed at each reporting date as stated above.

### h) Property, plant and equipment

Property, plant and equipment (PPE) and capital work in progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized 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 recognized in profit or loss as incurred.

The Company adjusts exchange differences arising on translation difference/settlement of long term foreign currency monetary items outstanding in the Indian GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial statements i.e. March 31, 2016 and pertaining to the acquisition of a depreciable asset to the cost of asset and depreciates the same over the remaining life of the asset.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as prescribed under Part C of Schedule II of the Companies Act 2013 except for the lease hold land which is amortized over the lease term of 99 years. The Identified component of property, plant and equipments are depreciated over their useful lives and the remaining components are depreciated over the life of the principal assets. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### i) Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost includes the

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

cost of replacing parts and borrowing costs for long-term construction projects if the 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.

The Company depreciates building component of investment property over 60 years from the date of original purchase.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed off 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.

### j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Cost incurred on internally generated intangible assets are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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.

A summary of the policies applied to the Company's intangible assets is as follows:

Intangible Assets	Method of Amortization	Estimated Useful life
Computer software	on straight line basis	Six years or validity period whichever is lower
Licenses	on straight line basis	Over its useful validity period

### k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### l) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment 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.

For arrangements entered into prior to April 01, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

#### 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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

### Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

### m) Inventories

Inventories of Raw material, Work-in-progress, Finished goods and Stock-in-trade are valued at the lower of cost and net realisable value. However, Raw material and work-in-progress held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost basis.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on Weighted Average Cost basis.

Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost basis.

All other inventories of stores and consumables (including coal) are valued at Weighted Average Cost.

Stores and Spares which do not meet the definition of property, plant and equipment are accounted as inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### n) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.



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The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budget / forecast the Company extrapolates cash flow projection in the budget working a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case this growth rate does not exceed the long term average growth rate for the products, industry or the market in which the asset is used.

Impairment losses including impairment on inventories, are recognized in the statement of profit and loss.

For assets excluding goodwill, 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 asset's or 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 asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset 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 asset in prior years. Such reversal is recognized in the statement of profit or loss as an exceptional item.

### o) Provisions

#### General

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. 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 a finance cost.

### p) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid.

The employee's gratuity fund scheme and post-retirement medical benefit schemes are Company's defined benefit plans. The contributions under the plans are made to separately administered funds. The cost of providing benefits under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on the net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short term employee

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

benefits. The Company measures the expected cost of such absence as the additional amount that is expected to pay as a result of the unused estimate that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months as long term compensated absences which are provided for based on actuarial valuation as at the end of the period. The actuarial valuation is done as per Projected Unit Credit Method.

### q) 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.

#### Financial assets

##### Initial recognition and measurement

All financial assets are recognized initially at fair value plus in case of financial asset not recorded at fair value through profit and loss, transaction cost that are attributable to the acquisition of the financial assets.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt instrument at amortized cost
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

##### Debt instruments at amortized cost

A Debt instrument is measured at amortized cost if both the following conditions are met:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The category is most relevant to the Company. 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 profit or loss except where the Company has given temporary waiver of interest not exceeding 12 months period. This category generally applies to trade, loans and other receivables.

##### Debt instruments at fair value through profit or loss

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

After initial measurement, such financial assets are subsequently measured at fair value with all changes recognized in Statement of profit and loss.

##### Equity instruments

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 make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit or Loss.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement~ and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control 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.

### Impairment of financial assets

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure ;

- a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balances.
- b) Financial assets that are debt instruments and are measured as at other comprehensive income (FVTOCI)
- c) 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 11 and Ind AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables.

Under the simplified approach the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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.

ECL is the difference between all contracted cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR. 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 Expense" in the P&L.

The balance sheet presentation for various financial instruments is described below:

### Financial assets measured as at amortized cost, contractual revenue 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, the Company does not reduce impairment allowance from the gross carrying amount.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives, as appropriate.

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.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risk are recognized in OCI. These gains / losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at FVTPL.

#### Loans and borrowings

This is the category most relevant to the Company. 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 borrowings.

#### 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 or loss.

#### Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### r) Derivative financial instruments

#### Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value through profit or loss (FVTPL) on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivative financial instrument or on settlement of such derivative financial instruments are recognized in statement of profit and loss and are classified as Foreign Exchange (Gain) / Loss except those relating to borrowings, which are separately classified under Finance Cost.

### s) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Company's cash management.

### t) Cash dividend to equity holders of the Company

The Company recognizes a liability to make cash to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

### u) Earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 3 Significant accounting estimates and assumptions

The preparation of the Company's Ind AS Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### Taxes

Deferred tax assets are recognized for unused tax credits to the extent that it is probable that taxable profit will be available against which the credits can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details on taxes are disclosed in Note 25.

### Defined benefit plans (gratuity benefits and other post-employment medical benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of these obligations 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, medical cost escalations and mortality rates etc. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Medical cost escalations are based on expected future medical expenditure. Further details about gratuity and post-employment medical benefits obligations are given in Note 41.

### Fair value measurement 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 DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note 48 for further disclosures.

### 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 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 cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance being tested. 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. Refer Note 44 for further disclosures.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Note 4 : Property, plant and equipment

(Rs. in Crores)

	Land freehold	Land lease hold	Buildings	Plant and equipment	Furniture and fixture	Vehicles	Office equipment	Roads, culverts and compound wall	Water supply and drainage system	Railway sidings	Total
<b>COST</b>											
As at April 01, 2016	111.03	222.42	421.54	6,653.63	30.63	5.96	11.24	61.34	121.25	3.77	7,642.81
Additions	-	-	5.20	10.44	1.59	1.80	0.43	2.20	0.22	-	21.88
Disposals	-	(7.73)	-	(2.42)	(0.26)	(0.96)	(0.10)	-	-	-	(11.47)
As at March 31, 2017	111.03	214.69	426.74	6,661.65	31.96	6.80	11.57	63.54	121.47	3.77	7,653.22
Additions	-	-	0.72	26.60	1.01	1.21	0.67	1.00	1.07	-	32.28
Disposals	-	-	-	(95.27)	(0.29)	(0.22)	(0.05)	-	-	-	(95.83)
As at March 31, 2018	111.03	214.69	427.46	6,592.98	32.68	7.79	12.19	64.54	122.54	3.77	7,589.67
<b>DEPRECIATION / AMORTIZATION</b>											
As at April 01, 2016	-	9.19	72.04	2,802.14	16.06	2.35	9.36	19.64	35.29	3.58	2,969.65
Depreciation for the year	-	2.20	10.11	220.72	2.79	0.69	0.61	4.20	7.43	-	248.75
Adjustment	-	0.23	2.42	35.05	0.20	0.02	-	1.23	3.16	-	42.31
Disposals	-	(0.40)	-	(2.19)	(0.23)	(0.46)	(0.09)	-	-	-	(3.37)
As at March 31, 2017	-	11.22	84.57	3,055.72	18.82	2.60	9.88	25.07	45.88	3.58	3,257.34
Depreciation for the year	-	2.24	11.50	237.06	1.61	0.77	0.52	4.76	9.03	-	267.49
Disposals	-	-	-	(49.50)	(0.26)	(0.10)	(0.03)	-	-	-	(49.89)
As at March 31, 2018	-	13.46	96.07	3,243.28	20.17	3.27	10.37	29.83	54.91	3.58	3,474.94
<b>IMPAIRMENT</b>											
As at April 01, 2016	-	10.53	35.71	263.98	0.80	0.08	-	6.04	15.33	-	332.47
Adjustments	-	(0.23)	(2.42)	(35.05)	(0.20)	(0.02)	-	(1.23)	(3.16)	-	(42.31)
Impairment reversal during the year (refer Note 44)	-	(10.30)	(33.29)	(228.93)	(0.60)	(0.06)	-	(4.81)	(12.17)	-	(290.16)
As at March 31, 2017	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	-	-	-	-	-	-	-	-	-	-	-
<b>NET BLOCK</b>											
As at March 31, 2018	111.03	201.23	331.39	3,349.70	12.51	4.52	1.82	34.71	67.63	0.19	4,114.73
As at March 31, 2017	111.03	203.47	342.17	3,605.93	13.14	4.20	1.69	38.47	75.59	0.19	4,395.88

#### Notes :

- Leasehold Land pertains to the costs incurred for leasehold land in possession of the Company as a Licensee, pending completion of formalities for execution of the lease agreement for a term of 99 years.
- Feed Stock Conversion Projects from 'LHS/FO' to 'Gas' acquired under Government's policy for reimbursement of project cost to the Company over a period of five years from the date of commercial production, was capitalized on 01.10.2013. Accordingly, plant and equipment include assets amounting to Rs. 1,248.39 crores (net of decapitalisation noted in note 3 below) represented by capital grant of Rs. 1,213.06 crores as contemplated in Note 22.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

3. During the year the Company has received concession amounting to Rs. 52.44 crores towards Feed Stock Conversion Project, which has been adjusted to the carrying value of plant and equipment in terms of para 37 of Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The gain (adjustment) of Rs. 10.91 crore arising on decapitalisation is transferred to Other income (refer Note 27).
4. Assets given on lease includes plant and equipment :
  - Cost as at March 31, 2018 is Rs. 9.39 crore (March 31, 2017 Rs. 9.39 crore)
  - Depreciation as at March 31, 2018 is Rs. 8.92 crore (March 31, 2017 Rs. 8.92 crore)
  - Net block as at March 31, 2018 is Rs. 0.47 crore (March 31, 2017 Rs. 0.47 crore)
5. Capital work in progress as at March 31, 2018 is Rs. 13.67 Crore (March 31, 2017 Rs. 14.41 crore) mainly includes cost incurred on plant and equipment procured at TDI-I and TDI-II locations.

### Note 5 : Investment property

	(Rs. in Crores)	
Particulars	Building	Total
<b>COST</b>		
As at April 01, 2016	25.93	25.93
Additions (subsequent expenditure)	-	-
As at March 31, 2017	25.93	25.93
Additions (subsequent expenditure)	-	-
As at March 31, 2018	25.93	25.93
<b>DEPRECIATION</b>		
As at April 01, 2016	6.09	6.09
Depreciation for the year	0.43	0.43
As at March 31, 2017	6.52	6.52
Depreciation for the year	0.43	0.43
As at March 31, 2018	6.95	6.95
<b>NET BLOCK</b>		
As at March 31, 2018	18.98	18.98
As at March 31, 2017	19.41	19.41

Information regarding income and expenditure of Investment property		(Rs. in Crores)
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Rental income derived from Investment properties	10.97	9.90
Direct operating expenses (including repairs and maintenance) generating rental income	(5.81)	(3.96)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(0.68)	(0.63)
<b>Profit arising from investment property before depreciation and indirect expenses</b>	<b>4.48</b>	<b>5.31</b>
Less : Depreciation	(0.43)	(0.43)
<b>Profit arising from investment property before indirect expenses</b>	<b>4.05</b>	<b>4.88</b>

- (i) As at March 31, 2018 and March 31, 2017 the fair values of the investment property is Rs 57.61 and Rs. 60.05 Crore respectively, based on valuations performed by an accredited independent valuer, who is a specialist in valuing these types of investment properties.
- (ii) The Company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
- (iii) Fair value hierarchy disclosure for investment properties have been provided in Note 48.2.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Note 6 : Intangible assets

(Rs. in Crores)

Particulars	Computer software	Licenses	Total
<b>COST</b>			
As at April 01, 2016	21.51	34.27	55.78
Additions	1.16	-	1.16
As at March 31, 2017	22.67	34.27	56.94
Additions	3.03	-	3.03
As at March 31, 2018	25.70	34.27	59.97
<b>AMORTIZATION</b>			
As at April 01, 2016	17.55	9.96	27.51
Amortization for the year	0.83	1.43	2.26
Impairment Reversal during the year (Refer Note 44)	-	0.24	0.24
As at March 31, 2017	18.38	11.63	30.01
Amortization for the year	1.00	1.55	2.55
As at March 31, 2018	19.38	13.18	32.56
<b>IMPAIRMENT</b>			
As at April 01, 2016	-	2.31	2.31
Impairment Reversal during the year (Refer Note 44)	-	(2.31)	(2.31)
As at March 31, 2017	-	-	-
As at March 31, 2018	-	-	-
<b>NET BLOCK</b>			
As at March 31, 2018	6.32	21.09	27.41
As at March 31, 2017	4.29	22.64	26.93

### Note 7 : Investments

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Trade Investments</b>		
(i) Investment in Subsidiary at cost (Unquoted)		
Investment In equity instrument - unquoted (In fully paid up equity shares)		
10,000 (previous year Nil) Equity shares of Gujarat NCode Solutions Limited of Rs. 10/- each	0.01	-
Total	0.01	-
(ii) Investment in Associate (at cost) (Unquoted)		
Investment In equity instrument - unquoted (In fully paid up equity shares)		
12,50,000 (previous year 12,50,000) Equity shares of Gujarat Green Revolution Company Limited of Rs. 10/- each	1.25	1.25
Total	1.25	1.25
<b>Non- Trade Investments</b>		
(i) Investments at fair value through other comprehensive income (FVTOCI) [Refer note (a & b)]		
Investments at FVTOCI		
Investment In equity Instruments - Quoted (In fully paid up equity shares)		

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
A) 75,00,000 (previous year 75,00,000) Equity Shares of Gujarat State Fertilizers & Chemicals Limited of Rs 2/- each	85.58	98.25
B) 17,59,996 (previous year 17,59,996) Equity Shares of Gujarat Alkalies & Chemicals Limited of Rs 10/- each	122.94	71.77
C) 80,00,000 (previous year 80,00,000) Equity Shares of Gujarat State Petronet Ltd of Rs 10/- each	151.60	129.20
D) 53,289 (previous year 53,289) Equity Shares of Gujarat Gas Ltd of Rs 10/- each	4.44	4.10
	<u>364.56</u>	<u>303.32</u>
<b>Investments in equity instruments-unquoted</b>		
A) 2,15,43,200 (previous year 2,15,43,200) equity shares of Gujarat State Petroleum Corporation Limited of Rs 1/- each	17.30	73.52
B) 42,000 (previous year 42,000) equity shares of Bharuch Enviro Infrastructure Limited of Rs 10/- each	5.13	3.72
C) 20,000 (previous year 20,000) equity shares of Gujarat Venture Finance Limited of Rs 10/- each	0.25	0.22
D) 18,39,60,000 (previous year 18,39,60,000) equity shares of Gujarat Chemical port Terminal Company Limited of Rs 1/- each	279.62	298.75
E) 2,42,10,000 (previous year 2,42,10,000) equity shares of Ecophos GNFC Private Limited of Rs. 10/- each	19.17	24.21
F) 4,92,60,000 (previous year 4,92,60,000) equity shares of Bhavnagar Energy Company Limited of Rs 10/- each	24.38	36.36
G) 10 (previous year 10) shares of GESIA IT Association of Rs. 10/- each	- *	- *
H) 1,35,30,000 (previous year 1,35,30,000) equity shares of Bharuch Dahej Railway Company Limited of Rs 10/- each	14.33	21.09
	<u>360.18</u>	<u>457.87</u>
<b>Total</b>	<u>724.74</u>	<u>761.19</u>
<b>Non-current</b>	726.00	762.44
<b>Current</b>	-	-
<b>Total Investment</b>	<u>726.00</u>	<u>762.44</u>
- Aggregate book value of quoted investments and market value thereof	364.56	303.32
- Aggregate amount of unquoted investments	361.44	459.12

\* Amount nullified on conversion to Rs in Crores

(a) The fair value of the quoted equity investments are derived from quoted market prices in active market.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(b) Investments includes investment in unquoted equity shares. Fair value of unquoted investment in equity instrument have been carried out by independent valuer using Net Assets Value model and Comparable Companies model following Market Approach and Income Approach. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk, volatility, net assets and market multiples. The probabilities of various estimates within the range can be reasonably assessed and are used in management's estimates of fair value for these unquoted equity instruments.

### Reconciliation of Fair value measurement of the investment in equity shares

	As at March 31, 2018	(Rs. in Crores) As at March 31, 2017
Opening Balance	761.19	707.86
Add : Investment made during the year	-	24.21
Fair value (Loss) / Gain recognised in Other Comprehensive Income	(36.45)	29.12
Closing Balance	<u>724.74</u>	<u>761.19</u>

### Note 8 : Loans and advances (unsecured)

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Current</b>		
Loans		
Unsecured - considered good		
Loans to employees	15.41	16.21
Total	<u>15.41</u>	<u>16.21</u>
<b>Non-Current</b>		
Loans		
Unsecured - considered good		
Loans to employees	75.76	78.22
Unsecured - considered doubtful		
Amount recoverable from employees	1.57	1.57
Less: Provision for doubtful loans	(1.57)	(1.57)
	-	-
Loan to other companies	0.40	0.40
Less: Provision for doubtful loans	(0.40)	0.40
	-	-
Total	<u>75.76</u>	<u>78.22</u>
Total loans and advances	<u>91.17</u>	<u>94.43</u>

### Note 9 : Other financial assets

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Current</b>		
Other financial assets		
Capital grant recoverable from Government of India ( *)	31.38	319.01
Accrued income	1.29	3.89
Accrued interest	0.43	0.45
Other receivables	0.02	0.02
Total	<u>33.12</u>	<u>323.37</u>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
<b>Other financial assets</b>		
Deposits with suppliers	8.38	10.58
Fair value of derivative contracts	1.47	-
Other receivables	0.20	0.20
Capital grant recoverable from Government of India (*)	-	60.07
Deposit with original maturity of more than twelve (12) months	-	0.01
<b>Total</b>	<b>10.05</b>	<b>70.86</b>
<b>Total other financial assets</b>	<b>43.17</b>	<b>394.23</b>

(\*) Represents the Grant to be disbursed by Government of India for feed stock conversion project from 'LSHS/ FO' to 'Gas' as contemplated in note - 22.

## Note 10 : Trade receivables (Unsecured)

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Trade receivables</b>		
Considered good	458.94	476.27
Considered doubtful	5.03	4.33
<b>Subsidy receivables (Considered good)</b>	<b>665.14</b>	<b>635.26</b>
	<b>1,129.11</b>	<b>1,115.86</b>
<b>Less : Impairment Allowances (Allowance for doubtful debts)</b>		
<b>Trade receivables</b>		
Considered good	(4.00)	-
Considered doubtful	(5.03)	(4.33)
<b>Total</b>	<b>1,120.08</b>	<b>1,111.53</b>

## Note:

No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person; nor any trade or other receivables are due from firms or private companies in which any director is a partner, a director or a member.

(Rs. in Crores)

## Note 11 : Other non-current assets

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Unsecured, considered good</b>		
Unamortized employee loan benefits	24.35	26.38
Balances with Customs, Central Excise and other Government departments	12.39	12.14
Capital advances	0.71	0.01
Other receivables	-	0.24
<b>Unsecured - considered doubtful</b>		
Advances to suppliers	5.67	5.67
Less: Provision for doubtful advances	(5.67)	(5.67)
	-	-
Balances with Government authority	5.01	5.01
Less: Provision for doubtful balances	(5.01)	(5.01)
	-	-
<b>Total</b>	<b>37.45</b>	<b>38.77</b>



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Note 12 : Inventories (Valued at lower of Cost and Net realisable value) (Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials (Includes in transit inventory as on March 31, 2018 Rs. Nil; as on March 31, 2017 Rs. 0.29 crore)	97.85	130.23
Work-in-progress	35.06	21.43
Finished goods	93.97	96.05
Traded goods	3.36	17.80
Stores and spares (Including coal) (Includes in transit inventory as on March 31, 2018 Rs. 19.45 crore; as on March 31, 2017 Rs. 3.50 crore)	450.40	396.28
<b>Total</b>	<b>680.64</b>	<b>661.79</b>

### Note 13 : Cash and cash equivalents (Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks in Current accounts	6.02	4.00
Cash on hand	0.12	0.10
<b>Total</b>	<b>6.14</b>	<b>4.10</b>

### Changes in liabilities arising from financing activities (refer Note 2.1): (Rs. in Crores)

Particulars	As at April 01, 2017	Cash flows	Foreign exchange management	Changes in fair values	Other	As at March 31, 2018
Current borrowings (excluding items listed below)	1,073.31	(851.50)	7.75	-	-	229.56
Non-current borrowings (excluding items listed below)	533.41	(471.95)	10.08	1.93	(73.47)	-
Derivatives	6.64	-	-	(8.11)	-	(1.47)
Current maturities of long-term borrowings	352.20	(353.72)	-	1.52	73.47	73.47
Deposits from customers / vendors	49.25	0.98	-	-	-	50.23
Unclaimed dividends	6.64	1.42	-	-	-	8.06
<b>Total</b>	<b>2,021.45</b>	<b>(1,674.77)</b>	<b>17.83</b>	<b>(4.66)</b>	<b>-</b>	<b>359.85</b>

The 'Other' column includes the effect of reclassification of non-current portion of borrowings to current due to the passage of time, and the effect of accrued but not yet paid interest on borrowings.

### Note 14 : Other bank balances (Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks		
Unpaid dividend accounts	8.06	6.64
Deposit with original maturity of Less than twelve (12) months (Pledged with Government authorities)	1.95	1.77
<b>Total</b>	<b>10.01</b>	<b>8.41</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Note 15 : Other current assets

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with Customs, Central Excise and other Government departments	116.80	139.40
Advances to suppliers	83.67	111.38
Unbilled revenue	20.18	20.96
Receivable from others	14.18	15.63
Prepaid expenses	3.53	3.39
Unamortized employee loan benefit	4.96	3.97
Energy savings certificates	-	36.81
<b>Total</b>	<b>243.32</b>	<b>331.54</b>

### Note 16 : Share capital

(Rs. in Crores)

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised share capital</b>				
Equity shares of Rs.10 each	25,00,00,000	250.00	25,00,00,000	250.00
	25,00,00,000	250.00	25,00,00,000	250.00
<b>Issued, subscribed and fully paid up</b>				
Equity shares of Rs.10 each subscribed and fully paid up	15,54,18,783	155.42	15,54,18,783	155.42
<b>Total issued, subscribed and fully paid up share capital</b>	<b>15,54,18,783</b>	<b>155.42</b>	<b>15,54,18,783</b>	<b>155.42</b>

#### Note 16.1. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity Shares</b>				
At the beginning of the year	15,54,18,783	155.42	15,54,18,783	155.42
Issued/reduction, if any during the year	-	-	-	-
Outstanding at the end of the year	15,54,18,783	155.42	15,54,18,783	155.42

#### Note 16.2. Terms/rights attached to the equity shares

##### Rights preferences and restrictions attached to equity shares:

The company has only one class of equity shares having par value of Rs 10 per share, i.e. equity shares which rank pari passu in all respects. Each holder of equity share is entitled to one vote per share.

For the current financial year 2017-18, the Company has proposed dividend of Rs 7.5 per equity share to equity shareholder (for the previous financial year dividend of Rs 5 per equity share declared). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Note 16.3. Number of Shares held by each shareholder holding more than 5% Shares in the Company

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding
Gujarat State Investments Ltd.	3,32,27,546	21.38	3,32,27,546	21.38
Gujarat State Fertilizers & Chemicals Ltd	3,07,79,167	19.80	3,07,79,167	19.80
Life Insurance Corporations of India	1,17,91,612	7.59	1,17,91,612	7.59
Fidelity Puritan Trust - Fidelity Low Priced Stock Fund	56,77,065	3.65	1,23,00,000	7.91

### Note 17 : Other equity

#### Note 17.1 Reserves and Surplus

(Rs. in Crores)

Particulars	Capital reserve	Securities Premium	General reserve	Retained earnings	Total
As at April 01, 2016	0.64	313.31	2189.76	157.38	2,661.09
Profit for the year				521.30	521.30
Re-measurement losses on defined benefit plans (Net of Taxes)				(6.07)	(6.07)
<b>Balance available for appropriation</b>				<b>672.61</b>	<b>3,176.32</b>
<b>Less : Appropriations</b>					
Dividend				31.09	31.09
Tax on equity dividend				6.33	6.33
<b>As at March 31, 2017</b>	<b>0.64</b>	<b>313.31</b>	<b>2,189.76</b>	<b>635.19</b>	<b>3,138.90</b>
Profit for the year				789.52	789.52
Re-measurement losses on defined benefit plans (Net of Taxes)				(26.72)	(26.72)
<b>Balance available for appropriation</b>				<b>1397.99</b>	<b>3,901.70</b>
<b>Less : Appropriations</b>					
Transfer to General reserve			115.00	(115.00)	-
Dividend				77.71	77.71
Tax on equity dividend				15.82	15.82
<b>As at March 31, 2018</b>	<b>0.64</b>	<b>313.31</b>	<b>2,304.76</b>	<b>1,189.46</b>	<b>3,808.17</b>

#### Securities Premium:

Securities premium reserve is used to record the premium on issue of shares. This reserve is utilized in accordance with the provision of section 52 (2) (c) of the Companies Act, 2013.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Note 17.2 Other Comprehensive Income (OCI)

(Rs. in Crores)

Particulars	Net gain / (loss) on FVTOCI equity Investments	Total
<b>As at April 01, 2016</b>	<b>461.03</b>	<b>461.03</b>
Other comprehensive income during the year		
Net gain on FVTOCI equity investments for the year	29.12	29.12
Income tax effect	17.12	17.12
<b>As at March 31, 2017</b>	<b>507.27</b>	<b>507.27</b>
Other comprehensive income during the year		
Net (loss) on FVTOCI equity investments for the year	(36.45)	(36.45)
Income tax effect	23.57	23.57
<b>As at March 31, 2018</b>	<b>494.39</b>	<b>494.39</b>

### Note 17.3 Dividend distribution made and proposed

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Cash dividends on equity shares declared and paid</b>		
Final dividend for year ended March 31, 2017 : Rs. 5 per share (March 31, 2016: Rs. 2 per share)	77.71	31.09
Dividend distribution tax on final dividend	15.82	6.33
	<u>93.53</u>	<u>37.42</u>
<b>Proposed dividends on equity shares</b>		
Final cash dividend proposed for the year ended March 31, 2018: Rs. 7.5 per share (March 31, 2017: Rs. 5 per share)	116.56	77.71
Dividend distribution tax on proposed dividend	23.96	15.82
	<u>140.52</u>	<u>93.53</u>

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including dividend distribution tax thereon) as at balance sheet date.

### Note 18 : Borrowings

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-current interest bearing borrowings</b>		
<b>Secured</b>		
Term loans		
Rupee term loans from banks	-	470.02
Foreign currency term loan from bank	-	63.39
	<u>-</u>	<u>533.41</u>
<b>Current interest bearing borrowings</b>		
<b>Secured</b>		
Term loans		
Rupee term loans from banks	-	177.96
Foreign currency term loan from bank	73.47	24.24
<b>Unsecured</b>		
Term loans		
Rupee term loans from others	-	150.00
<b>Regrouped with other current financial liabilities (refer Note 20)</b>	<u>73.47</u>	<u>352.20</u>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### a) Security details

- (i) Rupee term loans from banks were secured by way of first mortgage on all immovable properties, both present and future, for which charge was created and were further secured by way of hypothecation created on all non-current assets and second charge by way of hypothecation created on all current assets including inventories and trade receivables.
- (ii) Foreign currency term loan from bank is secured by way of first mortgage on all immovable properties, both present and future, for which charge is created and is further secured by way of hypothecation created on all movable fixed assets.
- (iii) The above charges are ranking pari-passu among the lenders.

### b) Repayment details

- (i) A part of Rupee term loans from banks was carrying interest at ranging from 10.60% to 11.50% p.a. (floating) payable on monthly basis. The loan was repayable in quarterly installments starting from 30.09.2012 and ending on 30.06.2017. Outstanding amount as at March 31, 2018 is Rs. nil (as at March 31, 2017 Rs. 57.60 crore).
- (ii) A part of Rupee term loans from banks was carrying interest at ranging from 9.55% to 9.70% p.a. (floating) payable on monthly basis. The loan was repayable in quarterly installments starting from 31.12.2013 and ending on 30.09.2021. During the year, the Company has repaid entire outstanding loan and hence outstanding amount as at March 31, 2018 is Rs. nil (as at March 31, 2017 Rs. 590.38 crore).
- (iii) Foreign currency term loan from bank carries interest at 6 month Euribor plus 1.98%, payable on half yearly basis. The loan is repayable in half yearly installments starting from 01.10.2014 and ending on 01.04.2020. Outstanding amount as at March 31, 2018 is Rs. 73.47 crore, which is prepaid on 16.04.2018 (as at March 31, 2017 Rs. 87.63 crore).
- (iv) Unsecured rupee term loan from others was carrying interest at 8.50% p.a. (floating) payable on quarterly basis. The outstanding loan of Rs. 150 crore was repaid on 09.03.2018 (as at March 31, 2017 Rs. 150 crore).

### Short-term interest bearing borrowings

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Secured</b>		
Loan repayable on demand		
From Bank - Cash credit and overdraft accounts	102.86	568.84
Other loans & advances from banks*	51.22	247.46
PCFC export credit in foreign currency	6.66	-
<b>Unsecured</b>		
Loan repayable on demand from others	3.05	3.05
Other loans & advances		
Buyers' credit in foreign currency from banks	65.77	129.93
Commercial papers	-	124.03
<b>Total</b>	<b>229.56</b>	<b>1,073.31</b>

\*represents borrowings against subsidy receivable as per Special Banking Arrangement of Government of India

### Security details

Short term borrowings from banks as cash credit and overdraft accounts of Rs. 102.86 Crore (March 31, 2017: Rs. 568.84 Crore), Short-Term Loans and Advances from Banks of Rs. 51.22 Crore (March 31, 2017: Rs. 247.46 Crore) and PCFC Export Credit in Foreign Currency from Banks of Rs. 6.66 Crore (March 31, 2017: Rs. nil) are secured by first charge by way of hypothecation of inventories and trade receivables and all other movable assets, both present and future and further secured by second charge by way of mortgage on all immovable properties. These charges are ranking pari-passu among the working capital lenders.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**Interest rate details for short term borrowings:**

- (i) Cash credit accounts carries interest rates ranging from 7.85% to 9.70% p.a.
- (ii) Packing Credit in Foreign Currency (PCFC) carries interest rate of 3 months LIBOR+1% p.a.
- (iii) Other loans and advances from banks carries interest rate of 0.96% p.a.
- (iv) Commercial papers carries interest at ranging from 6.16% to 6.60% p.a.
- (v) Buyers credit carries interest at ranging from 1.81% to 2.45% p.a.

**Note 19 : Trade payables**

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Trade payables (Refer note below for details of dues to Micro, Small and Medium Enterprises)	431.47	340.11
<b>Total</b>	<b>431.47</b>	<b>340.11</b>

**Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"):**

(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year.	14.18	6.65
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-	-

This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

**Note 20 : Other current financial liabilities**

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Other financial liabilities at amortised cost</b>		
Current maturities of long-term borrowings	73.47	352.20
Deposits from customers / vendors	50.23	49.25
Payable for capital goods	25.05	13.09
Interest accrued but not due on borrowings	11.03	11.99
Unclaimed dividends <sup>#</sup>	8.06	6.64
Fair value of derivative contracts	-	6.65
<b>Total</b>	<b>167.84</b>	<b>439.82</b>

<sup>#</sup> Not due for credit to "Investors Education and Protection Fund"

**Note 21 : Long-term provisions**

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for leave encashment	130.71	111.30
Provision for post retirement medical benefit (refer Note 41)	42.73	21.37
<b>Total</b>	<b>173.44</b>	<b>132.67</b>



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Note 22 : Government grant (Deferred Income)

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Current</b>		
Grant from Government of India (refer note (a))	60.65	60.65
Government grant of Export Promotion Capital Grant (EPCG) (refer note b)	5.00	16.02
<b>Total</b>	<b>65.65</b>	<b>76.67</b>
<b>Non-Current</b>		
Grant from Government of India (refer note (a))	879.47	940.12
Other Government grant	1.00	1.00
<b>Total</b>	<b>880.47</b>	<b>941.12</b>
<b>Total government grant (deferred income)</b>	<b>946.12</b>	<b>1017.79</b>

#### (a) Movement in Grant from Government of India

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Opening</b>	<b>1,000.77</b>	<b>1,063.77</b>
De-recognised on final assessment completed	-	(2.68)
Released to statement of profit and loss	(60.65)	(60.32)
<b>Closing</b>	<b>940.12</b>	<b>1,000.77</b>

The capital grant from Government of India, Ministry of Chemicals & Fertilizers, Department of Fertilizers for feed stock conversion project from 'LSHS/FO' to 'Gas' vide sanction letter no 14023/22/2007-FP dated 14.12.2009 has accrued since the conditions attached to the grant have been fulfilled by the Company. Accordingly the grant of Rs. 1,215.74 crore was recorded as contemplated under Para 7 and 12 of Ind AS - 20 on 'Accounting for Government Grants and Disclosure of Government Assistance'. The Government would reimburse the above grant over a period of 5 Years. The scrutiny of project cost is completed by the Government appointed team during the previous year ended March 31, 2017 and the Grant to be disbursed was finalised at Rs. 1,213.06 crore, whereby an amount of Rs. 2.68 crore was derecognised during the previous year 2016-17.

#### (b) Movement in Government grant of EPCG

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Opening</b>	<b>16.02</b>	<b>44.42</b>
Released to statement of profit and loss	(11.02)	(28.40)
<b>Closing</b>	<b>5.00</b>	<b>16.02</b>

### Note 23 : Other current liabilities

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Statutory and other liabilities	70.99	12.39
Other current liabilities	41.67	41.67
Advances from customers	20.53	20.07
<b>Total</b>	<b>133.19</b>	<b>74.13</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Note 24 : Short-term provisions

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for leave encashment	41.04	39.44
Provision for contingencies (refer note a)	12.66	-
Provision for post retirement medical benefit (Refer Note 41)	1.42	1.05
<b>Total</b>	<b>55.12</b>	<b>40.49</b>

#### Note - a

The Company has created a contingency provision of Rs. 12.66 crore (previous year Rs. Nil) towards policy uncertainties related to the Company's claims with the Government authorities based on the management assessment. The movement of contingency provision is as under:

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening Balance	-	-
Provision made during the year	12.66	-
Amount utilised / reversed during the year	-	-
<b>Closing balance</b>	<b>12.66</b>	<b>-</b>

### Note 25 : Income Tax

The major component of income tax expenses for the year ended March 31, 2018 and March 31, 2017 are as under.

#### a) Statement of Profit and Loss Section

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Current Income tax</b>		
Current tax charges <b>A</b>	383.70	82.63
<b>Deferred Tax</b>		
Relating to origination and reversal of temporary differences	10.67	200.73
Tax (credit) under Minimum Alternate Tax (current year amount pertains to earlier years) (previous year amount includes Rs. 31.04 crore pertaining to earlier years).	(21.92)	(89.61)
<b>B</b>	<b>(11.25)</b>	<b>111.12</b>
<b>Tax Expense reported in the Statement of Profit and Loss</b> <b>A+B</b>	<b>372.45</b>	<b>193.75</b>
<b>Other Comprehensive Income ('OCI') Section</b>		
Income tax / Deferred tax related to items recognised in OCI during the year	14.14	3.21
Remeasurement losses on defined benefit plans, credit	23.57	17.12
Unrealised gain / (loss) on FVTOCI equity investments, credit	37.71	20.33

#### b) Balance Sheet Section

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Liabilities for current tax (net)	99.91	62.31
Income tax assets (net)	(40.53)	(38.68)
<b>Net Tax Provision Outstanding</b>	<b>59.38</b>	<b>23.63</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### c) Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017 (Rs. in Crores)

	Year ended March 31, 2018		Year ended March 31, 2017	
	%	Amount	%	Amount
<b>Profit Before tax</b>		<b>1,161.97</b>		<b>715.05</b>
<b>Tax using domestic tax rate for Company</b>	<b>34.61</b>	<b>402.13</b>	<b>34.61</b>	<b>247.46</b>
<b>Tax Effect of :</b>				
Income exempted from tax	(0.20)	(2.27)	(0.29)	(2.05)
Deduction u/s 80IA	(2.01)	(23.33)	(1.01)	(7.20)
Expenses with weighted deduction in tax	(0.03)	(0.30)	(0.10)	(0.74)
Non-deductible expenses	0.12	1.45	0.29	2.08
Sale of assets	0.05	0.59	(0.90)	(6.46)
MAT credit entitlement of earlier years	(1.89)	(21.92)	(4.34)	(31.04)
Income taxable under long term capital gain tax	0.00	0.04	0.31	2.24
Adjustment in depreciation net book value of assets	0.98	11.39	(0.80)	(5.71)
Change in rate of cess (from 3% to 4%)	0.41	4.80	-	-
Other adjustments	(0.01)	(0.13)	(0.68)	(4.83)
<b>Effective tax rate and tax</b>	<b>32.05</b>	<b>372.45</b>	<b>27.10</b>	<b>193.75</b>
<b>Tax expenses as per Books</b>		<b>372.45</b>		<b>193.75</b>

### d) Deferred Tax Liability (net) (Rs. in Crores)

	Balance Sheet as at		Statement of Profit and Loss	
	March 31, 2018	March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
(Liability) on Accelerated depreciation for tax purpose	(904.24)	(902.82)	1.42	91.04
Assets on provision for Leave encashment	57.28	49.44	(7.84)	(7.41)
Assets on carry forward losses and unabsorbed depreciation	-	-	-	96.29
Assets on deferred government grant of ASGP	328.52	346.36	17.84	21.79
Assets on deferred government grant of EPCG	1.75	5.54	3.79	9.83
Assets on Provision for doubtful debts and advances	15.86	9.70	(6.16)	(3.68)
(Liability) on equity investment FVTOCI	(23.67)	(47.24)	(23.57)	(20.33)
Assets / (liability) on other adjustments	1.30	2.92	1.62	(7.13)
	<b>(523.20)</b>	<b>(536.10)</b>	<b>(12.90)</b>	<b>180.40</b>

### e) Deferred tax liabilities reflected in the balance sheet as follows (Rs. in Crores)

	March 31, 2018	March 31 2017
Deferred tax liabilities	523.20	536.10
Less : Tax credit entitlement under MAT	(44.53)	(149.18)
<b>Deferred tax liabilities (net)</b>	<b>478.67</b>	<b>386.92</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### f) Reconciliation of deferred tax liabilities (net)

(Rs. in Crores)

	March 31, 2018	March 31 2017
<b>Opening balance as of April 01</b>	<b>386.92</b>	296.13
Tax expenses during the period recognised in statement of profit and loss	<b>10.67</b>	200.73
Tax (credit) under Minimum Alternate Tax (current year amount pertains to earlier years) (previous year amount includes Rs. 31.04 crore pertaining to earlier years)	<b>(21.92)</b>	(89.61)
Tax credit during the period recognised in OCI	<b>(23.57)</b>	(20.33)
Utilisation of MAT credit entitlement	<b>126.57</b>	-
<b>Closing balance</b>	<b>478.67</b>	386.92

- g) The Company made tax provision as per normal income tax provisions of the Income Tax Act, 1961. Based on this, the Company has made provision of Rs. 383.70 crore (previous year Rs. 82.63 crore under Minimum Alternate Tax provisions as per Section 115JB of the Income Tax Act, 1961) and has recognised MAT credit of Rs. 21.92 crore pertaining to earlier years (previous year Rs. 89.61 crore, which includes Rs. 30.99 crore for the financial year 2013-14 and Rs. 0.05 crore for the financial year 2015-16) as the management believes, in view of improved performance of the Company during the year and better projected future profitability for the Company, it is possible that the MAT credit will be utilized in the future period w.e.f. financial year 2018-19.
- h) The Company has following unutilised MAT credit under the Income Tax Act, 1961 for which deferred tax assets has been recognised in the Balance Sheet at.

Financial Year	Amount (Rs. in Crores)	Year of expiry
2016-17	44.53	2031-32
<b>Total</b>	<b>44.53</b>	

- i) During the year ended March 31, 2018, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity. (refer Note 17.3).

### Note 26 : Revenue from operations

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Sale of products</b>		
Own products	<b>5,667.94</b>	4,434.96
Traded products	<b>133.73</b>	385.48
	<b>5,801.67</b>	4,820.44
<b>Rendering of services</b>	<b>97.36</b>	112.54
<b>Other operating revenue</b>		
Export incentive	<b>10.41</b>	2.43
Recovery of administrative charges (Fly Ash)	<b>4.07</b>	6.71
Sale of scrap / unservicable materials	<b>2.30</b>	1.98
Sale of surplus material	<b>0.78</b>	0.71
	<b>17.56</b>	11.83
<b>Total</b>	<b>5,916.59</b>	4,944.81

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Note 27 : Other income

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Grant income	81.96	98.85
Interest income*	12.51	31.58
Rent income	11.31	10.39
Gain (adjustment) on decapitalisation of property, plant and equipment (refer Note 4)	10.91	-
Dividend income**	6.57	5.93
Exchange variance gain on monetary items	4.67	-
Excess provision of doubtful debt / expenses written back	0.07	6.18
Energy savings certificate income	-	36.81
Profit on sales of property, plant & equipments (net of losses)	-	18.66
Insurance claim received	9.69	0.38
Miscellaneous income	3.83	16.08
<b>Total</b>	<b>141.52</b>	<b>224.86</b>

\* Including Rs. 7.54 crore (previous year Rs. 7.86 crore) on FVTPL Financial Assets.

\*\* Including Rs. 6.51 crore (previous year Rs. 5.87 crore) on FVTOCI Financial Assets.

### Note 28 : Cost of raw materials and components consumed

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Inventory at the beginning of the year	130.23	69.27
Add : Purchases	2,350.81	1,897.61
	2,481.04	1,966.88
Less : Inventory at the end of the period	97.85	130.23
<b>Total</b>	<b>2,383.19</b>	<b>1,836.65</b>

### Note 29A : Purchase of traded goods

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Purchases of traded goods	45.02	248.59
<b>Total</b>	<b>45.02</b>	<b>248.59</b>

### Note 29B : Purchase of goods and services IT division

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Purchases of goods and services IT division	101.63	104.07
<b>Total</b>	<b>101.63</b>	<b>104.07</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Note 30 : Changes in inventories of finished goods, work-in-progress and traded goods (Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Inventory at the beginning of the year</b>		
Work-in-progress	21.43	22.81
Finished goods	96.05	97.28
Traded goods	17.80	17.70
	<u>135.28</u>	<u>137.79</u>
<b>Inventory at the end of the year</b>		
Work-in-progress	35.06	21.43
Finished goods	93.97	96.05
Traded goods	3.36	17.80
	<u>132.39</u>	<u>135.28</u>
<b>Total</b>	<u>2.89</u>	<u>2.51</u>

### Note 31 : Employee benefits expense (Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages	303.65	279.00
Contribution to provident and pension fund	31.95	32.01
Contribution and provision towards gratuity (refer Note 41)	9.17	8.79
Employees' welfare expenses	50.19	54.57
<b>Total</b>	<u>394.96</u>	<u>374.37</u>

### Note 32 : Finance costs (Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest on borrowings	88.50	197.56
Interest others	4.88	1.44
Other borrowing costs	3.83	1.51
Bank charges and commission	2.50	2.93
<b>Total</b>	<u>99.71</u>	<u>203.44</u>

### Note 33 : Depreciation and amortization expense (Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation on property, plant and equipment (refer Note 4)	267.49	248.75
Depreciation on investment property (refer Note 5)	0.43	0.43
Amortization on intangible assets (refer Note 6)	2.55	2.26
<b>Total</b>	<u>270.47</u>	<u>251.44</u>



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Note 34 : Other expenses

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Stores, chemicals and catalysts	69.62	69.01
Packing expenses	90.42	92.81
Insurance	11.90	13.78
Repairs and maintenance :		
- Building	10.95	11.99
- Plant and equipment	134.38	117.70
- Others	4.93	4.64
Materials handling expenses at factory	9.55	9.98
Lease Rent	0.02	-
Outward freight and other charges	104.21	155.28
Sales promotion expenses	7.62	1.81
Selling commission	3.50	0.64
Rates & taxes	7.98	15.12
Rent	8.87	12.50
Printing, stationery, postage, telegrams, telephones and advertisement	7.69	7.45
Traveling and conveyance expenses	5.25	4.12
Fire fighting, safety and security expenses	8.59	7.30
Processing charges to contractors	3.69	2.11
Electricity charges	3.67	3.25
Professional and consultation charges	4.84	6.28
Payment for contract services	13.19	11.85
Exchange variance on monetary items	-	3.60
Loss on sale of property, plant and equipment (net)	1.70	-
Director's fees	0.09	0.05
Payment to auditors (refer Note (a) below)	0.61	0.57
Donations	10.00	-
Contributions towards CSR (refer Note 40)	8.38	6.00
Premium on forward contracts	4.44	4.16
Provision for doubtful debts / advances	4.70	10.63
Provision for contingencies (refer Note 24)	12.66	-
Loss in value of Energy Savings Certificates	36.80	-
Miscellaneous expenses	40.75	17.72
Assets written off	-	0.05
<b>Total</b>	<b>631.00</b>	<b>590.40</b>

(a) Payment to auditors includes following: (Net of Service Tax Input Credit, where applicable)

#### As auditor:

(i) Statutory Audit Fees	0.14	0.10
(ii) Limited review Fees	0.12	0.08

#### In other capacity:

(i) Certification fees	0.19	0.28
(ii) Tax audit fees	-	0.03
(iii) Others	0.14	0.06

#### Reimbursement of Expenses

	0.02	0.02
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## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Note 35 : Earning per share

(Rs. in Crores)

Particulars	Unit	Year ended March 31, 2018	Year ended March 31, 2017
Net profit after tax	Rs. in Crore	789.52	521.30
Weighted average number of equity shares of nominal value of Rs. 10 each in calculating basic Earnings Per Share	Nos.	15,54,18,783	15,54,18,783
Basic and diluted earnings per share	Rs.	50.80	33.54

### Note 36 : Contingent liabilities and other commitments (to the extent not provided for)

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>(A) Contingent liabilities</b>		
(i) Claims against the Company not acknowledged as debts	256.97	311.09
(ii) Income tax assessment orders contested	4.99	14.44
(iii) Demands in respect of Central Excise Duty, Custom Duty, Service Tax and VAT as estimated by the Company	235.38	223.90
<b>Total contingent liabilities</b>	<b>497.34</b>	<b>549.43</b>
In respect of the above, the expected outflow will be determined at the time of final resolution of the dispute.		
<b>(B) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)</b>	<b>48.68</b>	<b>29.13</b>
<b>(C) Other commitments</b>		
(i) The Company is committed to grant subordinate debt to Bhavnagar Energy Co. Ltd (BECL) in the manner and in the form as may be finalized by the promoters with BECL	40.64	5.40
(ii) Export obligation on account of benefit of concessional rate of Custom duty availed under EPCG license scheme on imports of capital goods.	41.40	101.28
<b>Total other commitments</b>	<b>82.04</b>	<b>106.68</b>

### Note 37 :Related party disclosures:

Related party disclosures, as required by Ind AS-24, "Related Party Disclosures", are given below:

(i) Related parties with whom transactions have taken place during the period:

<b>Wholly Owned Subsidiary :</b>	Gujarat Ncode Solutions Limited
<b>Associate :</b>	Gujarat Green Revolution Company Limited
<b>Key Management Personnel and their relatives :</b>	Dr J N Singh, IAS, Chairman & Director*
	Dr. Rajiv Kumar Gupta, IAS, Managing Director
	Smt. Mamta Verma, IAS, Director
	Shri G R Aloria, IAS, Chairman & Director <sup>#</sup>
	Shri Anil Mukim, IAS, Director <sup>**</sup>
	Prof. Arvind Sahay, Independent Director
	Shri C S Mani, Independent Director
	Shri Sunil Parekh, Independent Director
	Shri Piruz Khambatta, Independent Director
	Shri V D Nanavaty, Director

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

- \* Appointed as chairman w.e.f 31.08.2016  
 \*\* Ceased to be Director w.e.f 07.03.2018  
 # Ceased to be Director & chairman w.e.f 24.08.2016

Entities over which Key Management Personnel having significant influence : EcoPhos GNFC India Private Limited

(ii) Aggregate of transactions for the year with these parties have been given below: (Rs. in Crores)

Name of the Company	Nature of Transactions	Year ended March 31, 2018	Year ended March 31, 2017
Gujarat Green Revolution Co. Ltd.	Sale of goods & services	0.04	0.14
EcoPhos GNFC India Pvt Ltd.	Sale of leasehold land	-	23.20
	Expenses incurred on behalf of Receivable	3.48	1.61
		3.48	0.60
Gujarat Ncode Solution Ltd.	Expenses incurred on behalf of Receivable	0.04	-
		0.04	-

(Amount in Rs.)

Name of the Person	Nature of Transactions	Year ended March 31, 2018	Year ended March 31, 2017
Shri G R Aloria @	Sitting Fees	-	20,000
Dr J N Singh, IAS @	Sitting Fees	45,000	60,000
Shri Anil Mukim, IAS @	Sitting Fees	55,000	20,000
Smt. Mamta Verma, IAS @	Sitting Fees	1,75,000	30,000
Shri C S Mani	Sitting Fees	2,35,000	1,90,000
Prof Arvind Sahay	Sitting Fees	1,00,000	50,000
Shri Sunil Parekh	Sitting Fees	2,35,000	1,30,000
Shri V D Nanavaty	Sitting Fees	40,000	50,000

@ Amount deposited in Government Treasury

### Note 38 : Research and development expenses

The statement of profit and loss includes following items of research & development expenses in the respective heads:

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Personnel expenses	1.37	1.85
Consumables and spares	0.28	0.26
Power and fuel consumption	0.07	0.04
<b>Total research &amp; development expenses</b>	<b>1.72</b>	<b>2.15</b>

### Note 39 : Pursuant to Ind AS-17 - 'Leases', the following information is disclosed:

- (i) The Company has taken various warehouses, godowns, guesthouses and office premises under operating lease or rental agreements. These are generally cancellable having a term of one year extendable for further one year on the discretion of the Company and are of rental nature. Payments are recognised in the statement of profit and loss under Note 34 - Other expenses.
- (ii) Rent income also includes lease rentals received towards office premises. Such operating lease is generally for a period of three to four years. There are no restrictions imposed by lease arrangements.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Future minimum lease payments receivables:</b>		
Not later than one years	1.24	- *
<b>Total</b>	<b>1.24</b>	<b>-</b>

\* There were no Non-cancellable lease as at March 31, 2017.

### Note 40 : Corporate social responsibility

(Rs. in Crores)

Particulars		Year ended March 31, 2018	Year ended March 31, 2017	
a) Gross amount required to be spent by the Company during the year:		3.56	3.36	
b) Amount spent during the year ended on March 31, 2018		In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset		-	-	-
(ii) On purpose other than (i) above		8.38	-	8.38
c) Amount spent during the year ended on March 31, 2017				
(i) Construction/acquisition of any asset		6.00	-	6.00
(ii) On purpose other than (i) above		-	-	-

### Note 41: Gratuity and other post employment benefit plans:

#### A. Defined contribution plans:

Amount of Rs. 31.95 Crores (March 31, 2017: Rs. 32.01 Crores) is recognised as expenses and included in note no. 31 "Employee benefit expense"

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Provident fund	18.02	17.95
Contributory pension scheme	13.93	14.06
	<b>31.95</b>	<b>32.01</b>

#### B. Defined benefit plans:

The Company has following post employment benefits which are in the nature of defined benefit plans:

- (a) Gratuity
- (b) Post retirement medical benefit

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity as per payment of Gratuity Act, 1972. The Scheme is funded with Gratuity Trust, which in turn makes contribution to Life Insurance Corporation of India (LIC) in the form of qualifying insurance policy for future payment of gratuity to the employees.

Each year the management reviews the level of funding in the gratuity fund. Such review includes the asset - liability matching strategy. The management decides its contributions based on the results of this review. The management aim to keep annual contributions relatively stable at a level such that no plan deficit (based on valuation performed) will arise.

The plan for the Post retirement medical benefit is unfunded.

The following table summarises the components of net benefit expense recognised in statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

March 31, 2018 : Changes in defined benefit obligation and plan assets

Cost charged to statement of profit and loss					Remeasurement gains/(losses) in other comprehensive income (OCI)							
April 01, 2017	Service cost	Net interest expense	Sub-total included in statement of profit and loss	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2018	
Gratuity												
Defined benefit obligation	198.87	9.22	14.68	23.90	(20.86)	-	-	25.09	(4.17)	20.92	-	222.83
Fair value of plan assets	199.60	-	14.73	14.73	(20.86)	0.26	-	-	-	0.26	29.10	222.83
Benefit liability / (Assets)	(0.73)	9.22	(0.05)	9.17	-	(0.26)	-	25.09	(4.17)	20.66	29.10	-
Post retirement medical benefit												
Defined benefit obligation	22.42	1.12	1.69	2.81	(1.28)	-	-	14.00	6.20	20.20	-	44.15
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit liability / (Assets)	22.42	1.12	1.69	2.81	(1.28)	-	-	14.00	6.20	20.20	-	44.15

March 31, 2017 : Changes in defined benefit obligation and plan assets

Cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income (OCI)								
April 01, 2016	Service cost	Net interest expense	Sub-total included in statement of profit and loss	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2017	
Gratuity												
Defined benefit obligation	191.54	8.54	15.77	24.31	(19.62)	-	-	9.91	(7.27)	2.64	-	198.87
Fair value of plan assets	188.56	-	15.52	15.52	(19.62)	(0.48)	-	-	-	(0.48)	15.62	199.60
Benefit liability / (Assets)	2.98	8.54	0.25	8.79	-	0.48	-	9.91	(7.27)	3.12	15.62	(0.73)
Post retirement medical benefit												
Defined benefit obligation	15.42	0.87	1.28	2.15	(1.31)	-	-	6.16	-	6.16	-	22.42
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit liability / (Assets)	15.42	0.87	1.28	2.15	(1.31)	-	-	6.16	-	6.16	-	22.42

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

Particulars	March 31, 2018	March 31, 2017
Insurance fund with LIC*	100%	100%

\* As the gratuity fund is managed by LIC, details of fund invested by insurer are not available with the Company.

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

Particulars	Gratuity		Post retirement medical benefit	
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
Discount rate	8.06%	7.38%	8.03%	7.54%
Future salary increase	10% in next year and 6% thereafter	4.00%	N.A	N.A
Medical Inflation Rate	N.A	N.A	5.00%	4.00%
Expected rate of return on plan assets	8.06%	7.38%	N.A	N.A
Employee Turnover Rate	1.00%	1.00%	1.00%	1.00%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality rate after employment	N.A	N.A	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

A quantitative sensitivity analysis for significant assumption is as shown below:

(Rs. in Crores)

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)			
		Gratuity		Post retirement medical benefit	
		Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
Discount rate	1% increase	(13.55)	(11.56)	(5.49)	(2.37)
	1% decrease	15.34	12.98	6.86	2.89
Salary increase	1% increase	15.43	13.30	N.A	N.A
	1% decrease	(13.85)	(12.03)	N.A	N.A
Medical Cost Inflation	1% increase	N.A	N.A	7.01	2.92
	1% decrease	N.A	N.A	(5.68)	(2.40)
Employee turnover	1% increase	2.15	3.10	(1.91)	(1.00)
	1% decrease	(2.42)	(3.43)	2.21	1.18



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The followings are the expected future benefit payments for the defined benefit plan: (Rs. in Crores)

Particulars	Gratuity		Post retirement medical benefit	
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
Within the next 12 months (next annual reporting period)	19.04	20.12	1.42	1.05
Between 2 and 5 years	91.31	79.81	7.73	4.98
Between 6 and 10 years	119.14	105.88	15.40	8.17
<b>Total expected payments</b>	<b>229.49</b>	<b>205.81</b>	<b>24.55</b>	<b>14.20</b>

Weighted average duration of defined plan obligation (based on discounted cash flows) (Years)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Gratuity	8	8
Post retirement benefit obligation	16	14

The followings are the expected contributions to planned assets for the next year: (Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Gratuity	12.32	8.50
Post retirement medical benefit	-	-

### NOTE: 42 Investments in Subsidiary and Associates

Name of Entity	Relationship	Place of Business	Ownership	
			March 31, 2018	March 31, 2017
Gujarat Ncode Solutions Limited	Subsidiary	India	100.00%	-
Gujarat Green Revolution Company Limited	Associate	India	46.87%	46.87%

Note: Method of accounting of investments in subsidiary and associate Company is at cost.

### NOTE: 43

The Scheme of Arrangement and Demerger for transfer of V-SAT/ISP Gateway Business of the Company to ING Satcom Ltd., an unlisted Company against cash consideration of Rs. 6 crore, was sanctioned by Hon'ble High Court of Gujarat vide its Common Oral Order dated June 15, 2012.

The "Appointed Date" of the Scheme is 1st April, 2010.

Subsequent to the Order passed by the Hon'ble High Court of Gujarat, sanctioning the Scheme of Demerger, two separate applications for transfer of V-SAT and ISP Gateway Licences standing in the name of the Company to the name of Transferee Company viz. ING Satcom Limited were submitted to Department of Telecommunications (DOT) on January 31, 2013 which are still pending for approval before DOT.

As per the legal opinion obtained from legal consultant, though the Scheme has been sanctioned by the Hon'ble High Court of Gujarat and has become effective, the scheme is subject to and conditional upon the approval of the Government Authorities for transfer of Licences from the Company to ING Satcom Limited.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

During the year 2014-15, an agreement-Cum-Indemnity Bond was executed on 12.04.2014 between the Company and ING Satcom Limited whereby, pending transfer of Licences, the assets of demerged business (other than Licences) have been handed over to ING Satcom Limited subject to certain terms and conditions, inter alia, including the terms of settling the transaction under different eventualities of rejection of transfer applications / non-transfer of Licences by 31.12.2014.

Since disposal of applications for transfer of Licences in the name of ING Satcom Limited by the competent authorities as well as settlement of transaction between the Company and ING Satcom Limited are still pending, no accounting treatment is given in the books of account of the Company since 2014-15 till the financial year ended 31.03.2018.

Necessary accounting treatment will be given in the books of accounts of the Company either on disposal of applications for transfer of Licences in the name of ING Satcom Limited by the competent authorities or on finalization of settlement of transaction with ING Satcom Limited. The amount received is classified under other current liabilities (refer Note 23).

### NOTE: 44 - Reversal of impairment provision - Exceptional item

During the year ended March 31, 2015, the Company had accounted an impairment loss of Rs. 330 Crore in respect of Toluene Di-Isocyanate ("TDI") plant at Dahej being a separate Cash Generating Unit ("CGU"), considering the issue of gas emission, teething problem in bringing the plant at effective utilisation level and significantly low realisable value of finished goods.

Consequent to improved international scenario of TDI products over the past two years and forecast of their continuance at substantially higher levels than have prevailed in the past few years and also achievement of sustained production levels, the management had reviewed and reassessed the value in use of the TDI Plant at Dahej.

As the TDI Dahej plant is operating at higher capacity level and due to favourable market conditions, there is a change in assumptions / estimates applied for calculating the impairment loss during FY 2014-15. Based on such assessment, the Company had reversed the amount of Rs. 292.23 crore consisting of impairment loss of Rs. 330 Crore, net off the depreciation for the 2 years (aggregating Rs. 37.77 crores), which would have been otherwise charged, if there was not an impairment loss. The reversal has been disclosed as an exceptional item in the statement of profit and loss for the previous year.

The recoverable amount of the relevant CGU had been determined on the basis of their value in use considering the pre tax discounting rate of 16.98% which is the same as considered in the previous estimate of value in use at the time of impairment provision. Further, the underlying assumption i.e. realisable value of products, exchange rate variation and operating parameters that would impact future cash flows for determining the TDI Plant, value in use, is being continuously monitored on a periodic basis by the Management.

### Note: 45 Segment Information

#### - Operating Segments

The identified reportable segments are Fertilizers, Chemicals and Others in terms of the requirements of Ind AS 108 "Operating Segments" as notified under section 133 of the Companies Act, 2013. Other Segment mainly includes Information Technology division activities and neem product related activities.

#### - Identification of Segments:

The chief operational decision maker monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements, Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

#### - Segment revenue and results:

The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure and unallocable income.

#### - Segment assets and liabilities:

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

equipment, trade receivables, inventory and other operating assets. Segment liabilities primarily include trade payable and other liabilities. Common assets and liabilities which cannot be allocated to any of the business segments are shown as unallocable assets / liabilities.

### - Inter Segment transfer:

Inter Segment revenues are recognised at sales price. The same is based on market price and business risks. Profit or loss on inter segment transfer are eliminated at the Company level.

Summary of segment information is given below:

#### 45.1: Financial information about the primary business segment's Revenue & Results : (Rs. in Crores)

	Fertilizers		Chemicals		Others		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
<b>A REVENUE:</b>								
External sales revenue	1,743.62	1,685.12	3,987.29	3,061.65	185.68	198.04	5,916.59	4,944.81
Intersegment revenue	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>1,743.62</b>	<b>1,685.12</b>	<b>3,987.29</b>	<b>3,061.65</b>	<b>185.68</b>	<b>198.04</b>	<b>5,916.59</b>	<b>4,944.81</b>
<b>B RESULT:</b>								
Segment result	(40.46)	(31.31)	1,335.33	525.66	32.89	43.64	1,327.76	537.99
Reversal of impairment provision (Refer Note 44)	-	-	-	292.23	-	-	-	292.23
Unallocable income							28.27	126.01
Unallocable expenses							(94.35)	(37.74)
Operating profit							1,261.68	918.49
Finance costs							(99.71)	(203.44)
<b>Profit before tax</b>							<b>1,161.97</b>	<b>715.05</b>

#### 45.2: Financial information about the primary business segment's assets and liabilities : (Rs. in Crores)

	Fertilizers As At		Chemicals As. At		Others As At		Total As At	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
Segment assets	2,481.23	2,976.38	2,823.20	3,053.32	240.79	214.44	5,545.22	6,244.14
Segment liabilities	(1,180.95)	(1,223.72)	(287.34)	(255.73)	(150.42)	(100.12)	(1,618.71)	(1,579.57)
Other unallocable corporate assets	-	-	-	-	-	-	1,628.08	1,658.41
Other unallocable corporate liabilities	-	-	-	-	-	-	(1,096.61)	(2,521.39)
<b>Total capital employed</b>	<b>1,300.28</b>	<b>1,752.66</b>	<b>2,535.86</b>	<b>2,797.59</b>	<b>90.37</b>	<b>114.32</b>	<b>4,517.04</b>	<b>3,801.59</b>
<b>Capital assets / expenditure incurred during the year:</b>								
Capital assets including capital work in progress	1.58	2.82	19.03	12.52	0.86	0.98	21.47	16.32
Other unallocable capital expenditures	-	-	-	-	-	-	13.10	12.16
<b>Total</b>	<b>1.58</b>	<b>2.82</b>	<b>19.03</b>	<b>12.52</b>	<b>0.86</b>	<b>0.98</b>	<b>34.57</b>	<b>28.48</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Note: 46 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below.

(Rs. in Crores)

Particulars	FVTOCI Reserve		Retained Earnings		Total	
	Year Ended March 31, 2018	Year Ended March 31, 2017	Year Ended March 31, 2018	Year Ended March 31, 2017	Year Ended March 31, 2018	Year Ended March 31, 2017
Re-measurement losses on defined benefit plans (net of tax)	-	-	(26.72)	(6.07)	(26.72)	(6.07)
Net (loss) / gain on FVTOCI on equity Investments (net of tax)	(12.88)	46.24	-	-	(12.88)	46.24
	(12.88)	46.24	(26.72)	(6.07)	(39.60)	40.17

Note 47 : Details of hedged and unhedged exposure in foreign currency denominated monetary items :

#### (a) Exposure in foreign currency - Hedged

##### (i) Amounts Payable in Foreign Currency :

Particulars	Hedged against	As at March 31, 2018		As at March 31, 2017	
		Rs. in Crore	Amount in FC	Rs. in Crore	Amount in FC
External Commercial Borrowings	Forward Contract	74.30	Euro 92,16,554	89.33	Euro 1,29,00,000
Buyers credit	Forward Contract	65.77	USD 1,01,12,027	129.93	USD 2,00,38,832
Interest accrued but not due	Forward Contract	0.29	USD 44,816	0.41	USD 63,205
Payables for import	Forward Contract	53.52	USD 81,95,742	23.04	USD 35,35,000
Payables for PCFC Export Credit		6.66	USD 10,23,944	-	-
Interest accrued but not due in	Interest rate swaps	0.53	Euro 65,180	0.87	Euro 1,25,958
External Commercial Borrowings					

##### (ii) Interest rate swaps :

Particulars	As at March 31, 2018		As at March 31, 2017	
	Notional amount Rs. In Crore	Notional Amount in FC	Notional amount Rs. In Crore	Notional Amount in FC
Hedge against exposure to variable interest outflow on loan. Swap to pay fixed interest @ ranging from 9.52% p.a. to 9.74% p.a. and receive a variable interest @ 6 month EURIBOR plus 1.98% on notional amount	75.37	Euro 92,16,554	87.92	Euro 1,29,00,000

#### (b) Exposure in foreign currency - Unhedged

##### (i) Amounts payable in foreign currency :

Particulars	As at March 31, 2018		As at March 31, 2017	
	Rs. in Crore	Amount in FC	Rs. in Crore	Amount in FC
Payables for Import	66.70	Euro 81,85,587	32.32	Euro 46,29,387
Payables for Import	15.92	USD 24,38,731	0.13	USD 20,596
Payables for Import	0.38	SEK 4,77,384	-	SEK -
Payables for Import	0.01	GBP 947	0.01	GBP 1,315
Payables for Import	0.00*	CHF 217	0.35	CHF 54,213

\* Amount nullified on conversion to Rs in Crores

##### (ii) Amounts receivable in foreign currency :

Particulars	As at March 31, 2018		As at March 31, 2017	
	Rs. in Crore	Amount in FC	Rs. in Crore	Amount in FC
Receivables for export	59.65	USD 91,70,040	3.28	USD 5,05,200

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Note 48 : Financial Instruments, Fair Value Measurements, Financial Risk and Capital Management

#### 48.1 Category-wise classification of financial instruments:

(Rs. in Crores)

Particulars	Refer Note	As at March 31, 2018			
		Fair Value through other Comprehensive income	Fair Value through profit or loss	Amortised cost	Carrying Value
<b>Financial assets</b>					
Cash and cash equivalents	13	-	-	6.14	6.14
Other bank balances	14	-	-	10.01	10.01
Investments in equity shares (other than investment in associate entity)	7	724.74	-	-	724.74
Investments in unquoted equity shares of associate entity	7	-	-	1.26	1.26
Trade receivables	10	-	-	1,120.08	1,120.08
Loans and advances	8	-	91.17	-	91.17
Derivatives instruments not designated as hedge	9	-	-	1.47	1.47
Other financial assets	9	-	-	41.70	41.70
<b>Total</b>		<b>724.74</b>	<b>91.17</b>	<b>1,180.66</b>	<b>1,996.57</b>
<b>Financial liabilities</b>					
Borrowings (including current maturities)	18 & 20	-	-	303.03	303.03
Trade payables	19	-	-	431.47	431.47
Other Financial Liabilities	20	-	-	94.37	94.37
<b>Total</b>		<b>-</b>	<b>-</b>	<b>828.87</b>	<b>828.87</b>

(Rs. in Crores)

Particulars	Refer Note	As at March 31, 2017			
		Fair Value through other Comprehensive income	Fair Value through profit or loss	Amortised cost	Carrying Value
<b>Financial assets</b>					
Cash and cash equivalents	13	-	-	4.10	4.10
Other bank balances	14	-	-	8.41	8.41
Investments in equity shares (other than investment in associate entity)	7	761.19	-	-	761.19
Investments in unquoted equity shares of associate entity	7	-	-	1.25	1.25
Trade receivables	10	-	-	1,111.53	1,111.53
Loans and advances	8	-	94.43	-	94.43
Other financial assets	9	-	-	394.23	394.23
<b>Total</b>		<b>761.19</b>	<b>94.43</b>	<b>1,519.52</b>	<b>2,375.14</b>
<b>Financial liabilities</b>					
Borrowings (including current maturities)	18 & 20	-	-	1,958.92	1,958.92
Trade payables	19	-	-	340.11	340.11
Derivatives instruments not designated as hedge	20	-	6.65	-	6.65
Other Financial Liabilities	20	-	-	80.97	80.97
<b>Total</b>		<b>-</b>	<b>6.65</b>	<b>2,380.00</b>	<b>2,386.65</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 48.2 Fair value measurements:

#### a) Quantitative disclosures of fair value measurement hierarchy for financial assets and financial liabilities

The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities:

(Rs. in Crores)

Particulars	As at March 31, 2018				As at March 31, 2017			
	Significant observable inputs (Level 1*)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)	Total	Significant observable inputs (Level 1*)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)	Total
<b>Financial assets measured at fair value</b>								
Investment in quoted equity investments measured at FVTOCI (refer Note 7)	364.56	-	-	364.56	303.32	-	-	303.32
Investment in unquoted equity investments measured at FVTOCI (refer Note 7)	-	-	360.18	360.18	-	-	457.87	457.87
Loans and advances (refer Note 8)	-	-	91.17	91.17	-	-	94.43	94.43
Derivative instruments (refer Note 9)	-	1.47	-	1.47	-	-	-	-
<b>Total</b>	<b>364.56</b>	<b>1.47</b>	<b>451.35</b>	<b>817.38</b>	<b>303.32</b>	<b>-</b>	<b>552.30</b>	<b>855.62</b>
<b>Financial liabilities measured at fair value</b>								
Derivative instruments (refer Note 20)	-	-	-	-	-	6.65	-	6.65
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.65</b>	<b>-</b>	<b>6.65</b>
<b>Asset for which fair values are disclosed</b>								
Investment properties (refer Note 5)	-	-	57.61	57.61	-	-	60.05	60.05

\*The fair value of the quoted equity investments are derived from quoted market prices in active market.

#### b) Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2018 and March 31, 2017 are as shown below:

Particulars	Valuation Technique	Significant unobservable input	Range (weighted average)	Sensitivity of the input to fair value
FVTOCI assets in unquoted equity shares (Gujarat State Petroleum Corporation Limited)	Discounted free cash flow method	Gas trading margin	10% increase (decrease) in the Gas trading margin would result in increase / (decrease) in fair value as of March 31, 2018 : Rs. 6.08 crore (Rs. 6.13 crore). {Decreasing the Gas trading margin by 25% would change the fair value by Rs. 18.43 crore as at 31.03.2017.}	
FVTOCI assets in unquoted equity shares (Gujarat Chemical Port Terminal Company Limited)	Market Approach - Comparable companies	Market Multiple Discount	31 March 2018 : 15% - 25% (20%) 31 March 2017 : 17.50% - 22.50% (20%)	5% increase (decrease) in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2018 : Rs. 18.40 crore (Rs. 18.21 crore) {2.5% increase (decrease) in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2017 : Rs. 9.75 crore (Rs. 9.75 crore)}
		EBITDA (Rs. Crores)	31 March 2018 : Rs 197.18 crores - Rs. 217.94 crores (Rs.207.56 crores) 31 March 2017 : Rs 207.90 crores - Rs. 218.50 crores (Rs.213.20 crores)	Rs. 10.38 crore increase (decrease) in the EBITDA would result in increase (decrease) in fair value as of March 31, 2018 : Rs. 14.53 crore (Rs. 14.72 crore) {Rs. 5.30 crore increase (decrease) in the EBITDA would result in increase (decrease) in fair value as of March 31, 2017 : Rs. 7.91 crore (Rs. 7.91 crore)}



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Particulars	Valuation Technique	Significant unobservable input	Range (weighted average)	Sensitivity of the input to fair value
FVTOCI assets in unquoted equity shares (Bhavnagar Energy Company Limited)	Net asset value	Discount to Book Value	31 March 2018 : 15% - 25% (20%) 31 March 2017 : 20% - 30% (25%)	5% increase (decrease) in the discount to book value would result in decrease (increase) in fair value as of March 31, 2018 : Rs. 1.53 crore (Rs. 1.53 crore) {As of March 31, 2017 : Rs. 2.41 crore (Rs. 2.46 Crore)}.
		Share holders fund (Rs. Crores)	31 March 2018 : - 31 March 2017 : Rs 791.20 crores - Rs. 874.50 crores (Rs. 832.85 crores)	As of March 31, 2018 this unobservable input is not used for valuation. Rs. 41.65 crore increase (decrease) in the shareholders fund would result in increase (decrease) in fair value as of March 31, 2017 by Rs. 1.82 crore (Rs. 1.82 crore)
FVTOCI assets in unquoted equity shares (Gujarat Venture Finance Limited)	Net asset value	Share holders fund (Rs. Crores)	31 March 2018 : Rs 16.10 crores - Rs. 17.80 crores (Rs. 17 crores) 31 March 2017 : Rs 14.50 crores - Rs. 16.00 crores (Rs. 15.25 crores)	Rs. 0.80 crore increase (decrease) in the shareholders fund would result in increase (decrease) in fair value as of March 31, 2018 by Rs. 0.01 crore (Rs. 0.01 crore) {Rs. 0.75 crore increase (decrease) in the shareholders fund would result in increase (decrease) in fair value as of March 31, 2017 by Rs. 0.01 crore (Rs. 0.01 crore)}
		Discount to Book Value	31 March 2018 : 15% - 25% (20%) 31 March 2017 : 15% - 25% (20%)	5% increase (decrease) in the discount to book value would result in decrease (increase) in fair value as of March 31, 2018 : Rs. 0.02 crore (Rs. 0.02 crore) {as of March 31, 2017 by Rs. 0.01 crore (Rs. 0.01 crore)}
FVTOCI assets in unquoted equity shares (Bharuch Enviro Infrastructure Limited)	Market Approach - Comparable companies	Market Multiple Discount	31 March 2018 : 15% - 25% (20%) 31 March 2017 : 17.50% - 22.50% (20%)	5% increase (decrease) in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2018 : Rs. 0.32 crore (Rs. 0.32 crore) {2.5% increase (decrease) in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2017 : Rs. 0.12 crore (Rs. 0.12 crore)}
		Consolidated PAT (Rs. Crores)	31 March 2018 : Rs 25.30 crores - Rs. 28.10 crores (Rs. 26.70 crores) 31 March 2017 : Rs 24.00 crores - Rs. 25.20 crores (Rs. 24.60 crores)	Rs. 1.40 crore increase (decrease) in the consolidated PAT would result in increase (decrease) in fair value as of March 31, 2018 : Rs. 0.26 crore (Rs. 0.26 crore) {Rs. 0.60 crore increase (decrease) in the consolidated PAT would result in increase (decrease) in fair value as of March 31, 2017 : Rs. 0.09 crore (Rs. 0.09 crore)}
FVTOCI assets in unquoted equity shares (Bharuch Dahej Railway Company Limited)	Market Approach - Comparable companies	Market Multiple Discount	31 March 2018 : -5% - +5% (0%) 31 March 2017 : 22.50% - 27.50% (25%)	5% increase (decrease) in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2018 : Rs. 1.76 crore (Rs. 1.76 crore) {2.5% increase (decrease) in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2017 : Rs. 1.18 crore (Rs. 1.18 crore)}
		EBITDA (Rs. Crores)	31 March 2018 : Rs 28.60 crores - Rs. 31.60 crores (Rs.30.10 crores) 31 March 2017 : Rs 39.10 crores - Rs. 41.10 crores (Rs.40.10 crores)	Rs. 1.50 crore increase (decrease) in the EBITDA would result in increase (decrease) in fair value as of March 31, 2018 : Rs. 1.15 crore (Rs. 1.15 crore) {Rs. 1.00 crore increase (decrease) in the EBITDA would result in increase (decrease) in fair value as of March 31, 2017 : Rs. 0.88 crore (Rs. 0.88 crore) }
FVTOCI assets in unquoted equity shares (Ecophos GNFC India Private Limited)	Net Asset Value	Share holders fund (Rs. Crores)	31 March 2018 : Rs 8.66 crores - Rs. 9.57 crores (Rs. 9.12 crores)	Rs. 0.46 crore increase (decrease) in the shareholders fund would result in increase (decrease) in fair value as of March 31, 2018 by Rs. 0.56 crore (Rs. 0.56 crore) {as of March 31, 2017 the investee company was in start up phase, hence sensitivity impact is immaterial}
		Discount to Book Value	31 March 2018 : 15% - 25% (20%)	5% increase (decrease) in the discount to book value would result in decrease (increase) in fair value as of March 31, 2018 : Rs. 0.56 crore (Rs. 0.56 crore) {as of March 31, 2017 the investee company was in start up phase, hence sensitivity impact is immaterial}

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### c) Financial Instrument measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

### 48.3 Financial Risk objective and policies:

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, investments, 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.

In the ordinary course of business, the Company is mainly exposed to risks resulting from exchange rate fluctuation (currency risk), interest rate movements (interest rate risk) collectively referred as Market Risk, Credit Risk, Liquidity Risk and other price risks such as equity price risk. The Company's senior management oversees the management of these risks. It manages its exposure to these risks through derivative financial instruments by hedging transactions as required. It uses derivative instruments such as interest rate swaps and foreign currency forward contract to manage these risks. These derivative instruments reduce the impact of both favourable and unfavourable fluctuations.

The Company's risk management activities are subject to the management, direction and control of the management of the Company under the guideline of the Board of Directors of the Company. The management ensures appropriate financial risk governance framework for the Company through appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The decision of whether and when to execute derivative financial instruments along with its tenure can vary from period to period depending on market conditions and the relative costs of the instruments. The tenure is linked to the timing of the underlying exposure, with the connection between the two being regularly monitored. The Company is exposed to losses in the event of non-performance by the counterparties to the derivative contracts. All derivative contracts are executed with counterparties that, in management's judgment, are creditworthy. The outstanding derivatives are reviewed periodically to ensure that there is no inappropriate concentration of outstanding to any particular counterparty.

Further, all currency and interest risk as identified above is measured on a daily basis by monitoring the mark to market (MTM) of open and hedged position. The MTM is derived basis underlying market curves on closing basis of relevant instrument quoted on Bloomberg/Reuters. For year ends, the MTM for each derivative instrument outstanding is obtained from respective banks. All gain / loss arising from MTM for open derivative contracts and gain / loss on settlement / cancellation / roll over of derivative contracts is recorded in statement of profit and loss.

### a) 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. Financial instruments affected by market risk include loans and borrowings, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2018 and March 31, 2017.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant as at March 31, 2018. The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017.

#### (i) Interest rate risk

The Company is exposed to changes in market interest rates due to financing, investing and cash management

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

activities. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates and period of borrowings. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company enters into interest rate swap contracts or interest rate future contracts to manage its exposure to changes in the underlying benchmark interest rates.

### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended March 31, 2018 would decrease / increase by Rs. Nil (previous year Rs. 7.99 crore). This is mainly attributable to interest rates on variable rate long term borrowings.

### (ii) Foreign currency risk

Exchange rate movements, particularly the United States Dollar (USD) and Euro (EUR) against Indian Rupee (INR), have an impact on the Company's operating results. The Company manages its foreign currency risk by entering into currency swap for converting INR loan into other foreign currency for taking advantage of lower cost of borrowing in stable currency environment. The Company also enters into various foreign exchange contracts to mitigate the risk arising out of foreign exchange rate movement on foreign currency borrowings or trade payables. Further, to hedge foreign currency future transactions in respect of which firm commitment are made or which are highly probable forecast transactions (for instance, foreign exchange denominated income) the Company has entered into foreign currency forward contracts as per the policy of the Company.

The details of exposures hedged using forward exchange contracts are given as a part of Note 48 and the details of unhedged exposures are given as part of Note 47

The Company is mainly exposed to changes in USD and EURO. The below table demonstrates the sensitivity to a 5% increase or decrease in the respective foreign currency rates against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

(Rs. in Crores)

Particulars	Impact on Profit before tax		Impact on Pre-tax Equity	
	For the year ended		For the year ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>USD Sensitivity</b>				
RUPEES / USD – Increase by 5%	(3.76)	(7.69)	(3.76)	(7.69)
RUPEES / USD – Decrease by 5%	3.76	7.69	3.76	7.69
<b>EURO Sensitivity</b>				
RUPEES / EURO – Increase by 5%	(3.33)	(4.52)	(3.33)	(4.52)
RUPEES / EURO – Decrease by 5%	3.33	4.52	3.33	4.52

### (III) Commodity price risk

The Company's operating activities require the ongoing purchase of natural gas. Natural gas being an international commodity is subject to price fluctuation on account of the change in the crude oil prices, demand supply pattern of natural gas and exchange rate fluctuations. The Company is not affected by the price volatility of the natural gas to the extent consumed for Urea as under the Urea pricing formula the cost of natural gas is pass through if the consumption of natural gas is within the permissible norm for manufacturing of Urea.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The Company also deals in purchase of other feed stock materials (i.e Rock phosphate, and Denatured Ethyl Alcohol) which are imported by the Company and used in the manufacturing of Ammonium Nitro Phosphate and Ethyl Acetate. The import prices of these materials are governed by international demand and supply pattern. There is a price and material availability risk, which is managed by senior management team through sensitivity analysis, commodity price tracking.

### (IV) Equity price risk

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was Rs. 360.18 crore. Sensitivity analyses of these investments have been provided in Note 48.2(b).

At the reporting date, the exposure to listed equity securities at fair value was Rs. 364.56 crore. A decrease of 5% on the BSE market price could have an impact of approximately Rs. 18.23 crore on the OCI or equity attributable to the Group. An increase of 5% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

### b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and other financial assets) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive evaluation and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data.

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's management. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

### Trade Receivables

The Company's receivables can be classified into two categories, one is from the customers/ dealers in the market and second one is from the central and state Government in the form of subsidy. As far as Government portion of receivables is concerned, credit risk is Nil. In respect of market receivables from the customers/ dealers, the Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extensions of credit to customers. The Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as for certain products it extends rolling credit to its customers, against the collateral.

The Company follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables, other than those receivables from the Government of India. For the purpose of measuring lifetime ECL allowance for trade receivables, the company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience in respect of certain categories of the customers. Individual trade receivables are

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

written off when management deems them not to be collectible

### c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and bank balances. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analysis derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(Rs. in Crores)

Particulars	Refer Note	On Demand	Less than 1 year	1 to 5 years	Over 5 years	Total
<b>As at March 31, 2018</b>						
Borrowings (including current maturities)	18 & 20	105.91	197.12	-	-	303.03
Trade payables	19	-	431.47	-	-	431.47
Other financial liabilities	20	-	94.37	-	-	94.37
<b>Total</b>		<b>105.91</b>	<b>722.96</b>	<b>-</b>	<b>-</b>	<b>828.87</b>
<b>As at March 31, 2017</b>						
Borrowings (including current maturities)	18 & 20	571.89	853.62	533.41	-	1,958.92
Trade payables	19	-	340.11	-	-	340.11
Derivatives Instruments not designated as hedge	20	-	6.65	-	-	6.65
Other financial liabilities	20	-	80.97	-	-	80.97
<b>Total</b>		<b>571.89</b>	<b>1,281.35</b>	<b>533.41</b>	<b>-</b>	<b>2,386.65</b>

### 48.4 Capital management

For the purposes of the Company's capital management, capital includes issued capital and all other equity. The primary objective of the Company's capital management is to maximize shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using gearing ratio, which is net debt (total debt less cash and bank balance) divided by total capital plus net debt.

(Rs. in Crores)

Particulars	March 31, 2018	March 31, 2017
Total Borrowings (refer Note 18 and 20)	303.03	1,958.92
Less: Cash and bank balances (refer Note 13 and 14)	16.15	12.51
<b>Net Debt (A)</b>	<b>286.88</b>	<b>1,946.41</b>
<b>Total Equity (B)</b>	<b>4,457.98</b>	<b>3,801.59</b>
<b>Total Equity and Net Debt (C = A + B)</b>	<b>4,744.86</b>	<b>5,748.00</b>
<b>Gearing ratio</b>	<b>6%</b>	<b>34%</b>

During the year, the Company has repaid its borrowings of Rs. 471 crore before the maturity date to achieve the objective of better capital management.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017 and March 31, 2016.

### Note 49 : Standards Issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

#### (a) Ind AS 115 Revenue from Contracts with Customers

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

Upon adoption the Company expects there to be a change in the manner that variable consideration in certain revenue arrangements is recognized from the current practice of recognizing such revenue as the services are performed and the variable consideration is earned to estimating the achievability of the variable conditions when the Company begins delivering services and recognizing that amount over the contractual period. The Company also expects a change in the manner that it recognizes certain incremental and fulfilment costs from expensing them as incurred to deferring and recognizing them over the contractual period. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

#### (b) Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 1, 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

#### (c) Amendments to Ind AS 40 – Transfer of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after April 1, 2018. The Company will apply amendments when they become effective. However, since Company's current practice is in line with the clarifications issued, the Company does not expect any effect on its financial statements.

### (d) Amendments to Ind AS 28 - Investments in Associates and Joint Ventures:

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 April 2018. These amendments are not applicable to the Company.

### (e) Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- The beginning of the reporting period in which the entity first applies the Appendix, or
- The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after April 1, 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

### Note 50 : Event occurred after the Balance Sheet Date:

'The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of April 23, 2018, there were no material subsequent events to be recognized or reported that are not already previously disclosed.

**For and on behalf of the Board of Directors,**

**D. V. Parikh**  
General Manager & CFO

**T. J. Lakmapurkar**  
Company Secretary

**Dr. Rajiv Kumar Gupta**  
Managing Director

**Dr. J. N. Singh**  
Chairman

Place: Gandhinagar  
Date : April 23, 2018

Place: Ahmedabad  
Date : April 23, 2018

AS PER OUR REPORT OF EVEN DATE  
For **S R B C & CO LLP**  
Chartered Accountants  
(Firm Registration No.: 324982E/E300003)  
**per Sukrut Mehta**  
Partner  
Membership No. 101974

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED

#### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Gujarat Narmada Valley Fertilizers & Chemicals Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its associate, comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

#### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the Companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

#### Opinion

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

### Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company, subsidiary company and associate company, as on March 31, 2018 taken on record by the Board of Directors of the Group companies and associate company, none of the directors of such companies are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary company and associate company, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the separate unaudited financial statements as also the other unaudited financial information of the subsidiary and the associate, as noted in the 'Other matter' paragraph:
  - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate - Refer Note 36 to the consolidated Ind AS financial statements;
  - ii. The Group and its associate did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary and associate incorporated in India during the year ended March 31, 2018.

### Other Matter

- (a) The accompanying consolidated Ind AS financial statements include unaudited financial statements and other unaudited financial information in respect of its subsidiary, whose financial statements and other financial information reflect total assets of Rs 0.01 crores and net assets of Rs (0.03) crores as at March 31, 2018, and total revenues of Rs Nil and net cash inflows of Rs 0.01 crores for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the Management. The consolidated Ind AS financial statements also include the Group's share of net profit of Rs 5.46 crores for the year ended March 31, 2018, as considered in the consolidated Ind AS financial statements, in respect of an associate, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of the subsidiary and associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary and associate, is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements

above, is not modified in respect of the above matters with respect to our reliance on the financial statements and other financial information certified by the Management.

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**per Sukrut Mehta**

Partner

Place of Signature: Ahmedabad

Date: April 23, 2018

Membership Number: 101974

## **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of Gujarat Narmada Valley Fertilizers & Chemicals Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Gujarat Narmada Valley Fertilizers & Chemicals Limited (hereinafter referred to as the "Holding Company"), its subsidiary company and its associate company, which are companies incorporated in India, as of that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the of the Holding Company, its subsidiary company and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to these consolidated Ind AS financial statements.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial

control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements 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 Holding Company, its subsidiary company and associate company which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls system over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Holding 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 S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**per Sukrut Mehta**

Partner

Membership Number: 101974

Place of Signature: Ahmedabad

Date: April 23, 2018

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2018**

(Rs. in Crores)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	4	4,114.73	4,395.88
(b) Capital work-in-progress	4	13.67	14.41
(c) Investment property	5	18.98	19.41
(d) Intangible assets	6	27.41	26.93
(e) Financial assets			
(i) Investments	7	785.09	816.08
(ii) Loans and advances	8	75.76	78.22
(iii) Other financial assets	9	10.05	70.86
(f) Income tax assets (net)	25	40.53	38.68
(g) Other assets	11	37.45	38.77
		<b>5,123.67</b>	<b>5,499.24</b>
<b>II. Current assets</b>			
(a) Inventories	12	680.64	661.79
(b) Financial assets			
(i) Trade receivables	10	1,120.08	1,111.53
(ii) Cash and cash equivalents	13	6.15	4.10
(iii) Other bank balances	14	10.01	8.41
(iv) Loans and advances	8	15.41	16.21
(v) Other financial assets	9	33.12	323.37
(c) Other assets	15	243.28	331.54
		<b>2,108.69</b>	<b>2,456.95</b>
<b>Total</b>		<b>7,232.36</b>	<b>7,956.19</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	16	155.42	155.42
(b) Other equity	17	4,361.62	3,699.81
		<b>4,517.04</b>	<b>3,855.23</b>
<b>Liabilities</b>			
<b>I. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	-	533.41
(b) Long-term provisions	21	173.44	132.67
(c) Deferred tax liabilities (net)	25	478.67	386.92
(d) Government grants (deferred income)	22	880.47	941.12
		<b>1,532.58</b>	<b>1,994.12</b>
<b>II. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	229.56	1,073.31
(ii) Trade payables	19	431.47	340.11
(iii) Other financial liabilities	20	167.84	439.82
(b) Other liabilities	23	133.19	74.13
(c) Short-term provisions	24	55.12	40.49
(d) Government grants (deferred income)	22	65.65	76.67
(e) Liabilities for current tax (net)	25	99.91	62.31
		<b>1,182.74</b>	<b>2,106.84</b>
<b>Total</b>		<b>7,232.36</b>	<b>7,956.19</b>

The accompanying notes are an integral part of these consolidated financial statements.

For and on behalf of the Board of Directors,

**D. V. Parikh**  
General Manager & CFO  
Place : Gandhinagar  
Date : April 23, 2018

**T. J. Lakhmapurkar**  
Company Secretary

**Dr. Rajiv Kumar Gupta**  
Managing Director

**Dr. J. N. Singh**  
Chairman

AS PER OUR REPORT OF EVEN DATE  
For **S R B C & CO LLP**  
Chartered Accountants  
(Firm Registration No.: 324982E/E300003)

Place : Ahmedabad  
Date : April 23, 2018

**per Sukrut Mehta**  
Partner  
Membership No. 101974



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

(Rs. in Crores)

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
<b>Income</b>			
Revenue from operations	26	5,916.59	4,944.81
Other income	27	141.52	224.86
<b>Total</b>		<b>6,058.11</b>	<b>5,169.67</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	28	2,383.19	1,836.65
Purchase of traded goods	29A	45.02	248.59
Purchase of goods and services IT division	29B	101.63	104.07
Decrease in inventories of finished goods, work-in-progress and traded goods	30	2.89	2.51
Power, fuel and other utilities		887.99	779.34
Excise duty		79.28	356.04
Employee benefits expense	31	394.96	374.37
Finance costs	32	99.71	203.44
Depreciation and amortization expense	33	270.47	251.44
Other expenses	34	631.04	590.40
<b>Total</b>		<b>4,896.18</b>	<b>4,746.85</b>
<b>Profit before exceptional items and tax</b>		<b>1,161.93</b>	<b>422.82</b>
<b>Exceptional items</b>	44	-	292.23
<b>Profit before tax</b>		<b>1,161.93</b>	<b>715.05</b>
<b>Tax expense</b>			
Current tax		383.70	82.63
Deferred tax		(11.25)	111.12
<b>Total tax expense</b>	25	<b>372.45</b>	<b>193.75</b>
<b>Profit for the year after tax and before share in profit of Associate</b>		<b>789.48</b>	<b>521.30</b>
Share in profit of Associate		5.46	7.49
<b>Profit for the year attributable to the shareholders of the Company</b>		<b>794.94</b>	<b>528.79</b>
<b>Other comprehensive income</b>			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plans		(40.86)	(9.28)
Income tax effect (credit)	25	14.14	3.21
Net (loss) / gain on FVTOCI equity investments		(36.45)	29.12
Income tax effect (credit)	25	23.57	17.12
<b>Net other comprehensive (expense) / income not to be reclassified to profit or loss in subsequent periods</b>		<b>(39.60)</b>	<b>40.17</b>
<b>Total other comprehensive (expense) / income for the year, net of tax</b>	(B)	<b>(39.60)</b>	<b>40.17</b>
<b>Total comprehensive income for the year, net of tax</b>	(A)+(B)	<b>755.34</b>	<b>568.96</b>
<b>Earnings per Share - (Face value of Rs. 10 each) Basic and Diluted (in Rs.)</b>	35	<b>51.15</b>	<b>34.02</b>

The accompanying notes are an integral part of these consolidated financial statements.

For and on behalf of the Board of Directors,

**D. V. Parikh**  
General Manager & CFO

**T. J. Lakhmapurkar**  
Company Secretary

**Dr. Rajiv Kumar Gupta**  
Managing Director

**Dr. J. N. Singh**  
Chairman

Place : Gandhinagar  
Date : April 23, 2018

AS PER OUR REPORT OF EVEN DATE  
For **S R B C & CO LLP**  
Chartered Accountants  
(Firm Registration No.: 324982E/E300003)

Place: Ahmedabad  
Date : April 23, 2018

**per Sukrut Mehta**  
Partner  
Membership No. 101974

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

(A) Equity share capital		(Rs. in Crores)
Particulars	Note	Amount
Balance as at April 01, 2016		155.42
Changes in equity share capital	16	-
Balance as at March 31, 2017		155.42
Changes in equity share capital	16	-
Balance as at March 31, 2018		155.42

(B) Other equity		(Rs. in Crores)				
Particulars	Reserve and surplus				Other	Total
	Capital reserve	Securities premium	General reserve	Retained earnings	Comprehensive Income FVTOCI reserve	
	Note 17.1	Note 17.1	Note 17.1	Note 17.1	Note 17.2	
Balance as at April 01, 2016	0.64	313.31	2,189.76	203.53	461.03	3,168.27
Profit for the year	-	-	-	528.79	-	528.79
Other comprehensive (expense) / income for the year	-	-	-	(6.07)	46.24	40.17
Total comprehensive income for the year	-	-	-	522.72	46.24	568.96
Dividend paid during the year (refer Note 17.3)	-	-	-	(31.09)	-	(31.09)
Dividend distribution tax (refer Note 17.3)	-	-	-	(6.33)	-	(6.33)
Balance as at March 31, 2017	0.64	313.31	2,189.76	688.83	507.27	3,699.81
Profit for the year	-	-	-	794.94	-	794.94
Other comprehensive expense for the year	-	-	-	(26.72)	(12.88)	(39.60)
Total comprehensive income for the year	-	-	-	768.22	(12.88)	755.34
Dividend paid during the year (refer Note 17.3)	-	-	-	(77.71)	-	(77.71)
Dividend distribution tax (refer Note 17.3)	-	-	-	(15.82)	-	(15.82)
Transfer from retained earnings	-	-	115.00	(115.00)	-	-
Balance as at March 31, 2018	0.64	313.31	2,304.76	1,248.52	494.39	4,361.62

The accompanying notes are an integral part of these consolidated financial statements.

For and on behalf of the Board of Directors,

**D. V. Parikh**  
General Manager & CFO

**T. J. Lakmapurkar**  
Company Secretary

**Dr. Rajiv Kumar Gupta**  
Managing Director

**Dr. J. N. Singh**  
Chairman

Place : Gandhinagar  
Date : April 23, 2018

AS PER OUR REPORT OF EVEN DATE  
For **S R B C & CO LLP**  
Chartered Accountants  
(Firm Registration No.: 324982E/E300003)

Place : Ahmedabad  
Date : April 23, 2018

**per Sukrut Mehta**  
Partner  
Membership No. 101974

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

(Rs. in Crores)

Particulars	March 31, 2018	March 31, 2017
<b>Cash flow from operating activities</b>		
<b>Profit before tax as per statement of profit and loss</b>	<b>1161.93</b>	<b>715.05</b>
Adjustments for:		
Reversal of impairment provision on property, plant and equipment	-	(292.23)
Loss / (profit) on sale / disposal of property, plant and equipment	1.70	(18.62)
Depreciation and amortization	270.47	251.44
Interest income	(12.51)	(31.58)
Income from dividend	(6.57)	(5.93)
Amortization of grant received (income)	(71.67)	(98.85)
Gain (adjustment) on decapitalisation of property, plant and equipment	(10.91)	-
Foreign exchange (gain) / loss	(4.67)	3.60
Finance cost	93.38	203.44
Premium on forward contracts	4.44	4.16
Provision for Contingencies	12.66	-
Provision for doubtful debts / advances (net)	4.70	10.63
<b>Operating profit before working capital changes</b>	<b>1,442.95</b>	<b>741.11</b>
Movements in working capital :		
(Increase) / decrease in trade receivables	(13.25)	370.24
(Increase) / decrease in inventories	(18.85)	39.47
Decrease in financial assets	351.04	406.18
Decrease / (Increase) in loans and advances and other assets	75.05	(66.62)
Increase in provision	42.74	20.52
Increase in trade payables and other liabilities	150.42	79.69
(Decrease) in financial liabilities	(4.25)	(67.92)
<b>Cash generated from operations</b>	<b>2025.85</b>	<b>1522.67</b>
Direct taxes paid	(210.50)	(77.49)
Refund received	3.23	-
<b>Net cash flow from operating activities (A)</b>	<b>1818.58</b>	<b>1445.18</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment (Including capital work In progress and capital advances)	(23.31)	(90.88)
Proceeds from sale / concession received of property, plant and equipment (refer Note 4)	55.15	3.50
Purchase of investments	-	(1.01)

(Rs. in Crores)

Particulars	March 31, 2018	March 31, 2017
Change in other bank balances	1.60	(1.81)
Interest received	9.48	31.50
Income from dividend	6.57	5.93
<b>Net cash flow generated from / (used in) investing activities (B)</b>	<b>49.49</b>	<b>(52.77)</b>
<b>Cash flows from financing activities</b>		
Proceeds from short term borrowings	3982.68	3298.77
Repayment of short term borrowings	(4,368.20)	(3,332.12)
Repayment of long-term borrowings	(825.65)	(790.22)
Interest paid	(90.90)	(207.59)
Dividend Paid (Including dividend tax)	(93.53)	(37.41)
Premium on forward contracts	(4.44)	(4.16)
<b>Net cash used in financing activities (C)</b>	<b>(1,400.04)</b>	<b>(1,072.73)</b>
<b>Net increase in cash and cash equivalents (A + B + C)</b>	<b>468.03</b>	<b>319.68</b>
Cash and cash equivalents at the beginning of the year	(564.74)	(884.42)
<b>Cash and cash equivalents at the end of the year</b>	<b>(96.71)</b>	<b>(564.74)</b>
<b>Notes:</b>		
Component of Cash and Cash equivalents (refer note 2 below)		
- Cash on hand	0.12	0.10
- Balances with bank on current accounts	6.03	4.00
<b>Total (refer Note 13)</b>	<b>6.15</b>	<b>4.10</b>
Less: Cash credit and overdraft accounts (refer Note 18)	102.86	568.84
<b>Total cash and cash equivalents</b>	<b>(96.71)</b>	<b>(564.74)</b>

The accompanying notes are an integral part of these consolidated financial statements.

- (1) The Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on Statement of Cash Flows issued by the Institute of Chartered Accountants of India.
- (2) During the year, Group revised the classification of component of Cash and Cash equivalent whereby including amount of bank overdrafts which are repayable on demand.

For and on behalf of the Board of Directors,

**D. V. Parikh**  
General Manager & CFO

**T. J. Lakmapurkar**  
Company Secretary

**Dr. Rajiv Kumar Gupta**  
Managing Director

**Dr. J. N. Singh**  
Chairman

Place : Gandhinagar  
Date : April 23, 2018

AS PER OUR REPORT OF EVEN DATE  
For **S R B C & CO LLP**  
Chartered Accountants  
(Firm Registration No.: 324982E/E300003)

**per Sukrut Mehta**  
Partner  
Membership No. 101974

Place : Ahmedabad  
Date : April 23, 2018

## Notes to the Consolidated Financial Statements for the year ended March 31, 2017

### 1 Corporate information

The consolidated financial statements comprise financial statements of Gujarat Narmada Valley Fertilizers & Chemicals Limited ('the Company') and its subsidiary collectively known as "the Group" and its associate for the year ended March 31, 2018. The Company is a public company domiciled in India and is incorporated under the 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 P.O: Narmadanagar - 392 015, Dist.: Bharuch, Gujarat.

The Company is one of India's leading companies engaged in the manufacturing and selling of fertilizers, industrial chemical products and rendering IT services.

The consolidated financial statements were authorized for issue in accordance with a resolution of the directors on April 23, 2018.

### 2 Basis of preparation

#### 2.1 The consolidated financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Derivative financial instruments,
- Defined benefit plans – plan assets measured at fair value; and
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

In addition, the financial statements are presented in INR and all values are rounded to the nearest Crore (INR 00,00,000), except when otherwise indicated.

#### Changes in accounting policies and disclosures

The Group applied for the first time amendments to Ind AS 7 Statement of Cash Flows: Disclosure initiative, which are effective for the annual periods beginning on or after April 01, 2017.

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided the information for the current period in Note 13.

#### 2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at March 31, 2018.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies. "The financial statements of subsidiary used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31, 2018.

#### Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements from the date of incorporation.
- (b) Offset (eliminate) the carrying amount of the parent's investment in a subsidiary.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets,

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

### 2.3 Summary of significant accounting policies

#### (a) Investment in associates

An associate is an entity over which the Group 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.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate 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 since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate 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 Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

#### b) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle; or
- Held primarily for the purpose of trading; or
- 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A liability is current when :

- It is expected to be settled in normal operating cycle; or
- It is held primarily for the purpose of trading; or
- 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 Group classifies all other liabilities as non-current.

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

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

### c) Foreign currency transactions :

The Group's financial statements are presented in INR, which is functional currency of the Group. The Group determines the functional currency and items included in the financial statements are measured using that functional currency.

### d) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception that the Exchange differences arising on long-term foreign currency monetary items related to acquisition of a property, plant and equipment (including funds used for projects work in progress) recognized in the Indian GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period i.e. March 31, 2016 are capitalized / decapitalized to cost of Property, Plant and Equipment and depreciated over the remaining useful life of the asset.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions.

### e) Fair value measurement

The Group measures financial instruments, such as, derivatives 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 Group.

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 Group 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Group determines whether transfers have occurred between 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.

The Group's Management determines the policies and procedures for both recurring fair value measurement, such as derivative financial instruments and unquoted financial assets measured at fair value and for non recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as properties, investments. Involvement of external valuers is decided upon annually by the Management and in specific cases after discussion with and approval by the Group's Audit Committee. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group 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.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (refer Note 48)
- Quantitative disclosures of fair value measurement hierarchy (refer Note 48.2)
- Investment in unquoted equity shares (refer Note 7)
- Investment properties (refer Note 5)
- Financial instruments (including those carried at amortized cost) (refer Note 48.1)

### f) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Revenues are inclusive of excise duty and net of returns and allowances, trade discounts and rebates. The Group has assumed that recovery of excise duty flows to the Group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty up to June 30, 2017. Sales tax/

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

value added tax (VAT) / Goods and Service Tax (GST) is not received by the Group on its own account, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

### **Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with delivery of goods. Revenue from export sales are recognized based on delivery terms. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable including excise duty, net of returns and allowances, trade discounts and volume rebates.

### **Urea product subsidy**

Urea Subsidy under the New Urea Policy - 2015 is recognised as per concession rates notified by the Government of India (GoI) for the quantity received at the destination. Urea Subsidy is further adjusted for input price escalation/ de-escalation as estimated by the Management based on the prescribed norms. The Group recognises for the same on sales quantity basis.

### **ANP product subsidy**

ANP Subsidy under Nutrient Based Subsidy (NBS) w.e.f. 01.04.2010 and amendments thereto is recognised as per the concession rates notified by the Government of India (GoI) for the quantity received at the destination. The Group recognises for the same on sales quantity basis.

### **Urea and ANP product subsidy**

Freight Subsidy is recognized for the quantity received at the destination based on the notified rates approved by the GoI in case of Urea and on the normative notified rates approved by the GoI or the actual freight whichever is lower in case of ANP.

### **Rendering of services (including contracted services)**

Income from services rendered by the Information Technology division is recognized as and when the services are rendered based on the agreement/arrangement with the concerned parties.

### **Contracted services**

Revenue from construction contracts of Information Technology division is recognized on a percentage completion method, in proportion that the contract costs incurred for work performed up to the reporting date stand to the estimated total contract costs indicating the stage of completion of the project. Contract revenue earned in excess of billing is reflected under the head "Other current assets" and billing in excess of contract revenue is reflected under the head "Other current liabilities" in the balance sheet. Full provision is made for any loss in the year in which it is first foreseen and cost incurred towards future contract activity is classified as project work in progress.

Income from fixed price contract - revenue from development project / services under fixed price contract, where there is no uncertainty as to measurement or collectability of consideration is recognized based on milestones reached under the contract.

### **Interest income**

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit or loss.

### **Dividends**

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Insurance claims

Claims receivable on account of insurance are accounted for to the extent the Group is virtually certain of their ultimate collection.

### g) Government grants and export incentives

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

### Export incentive

Export incentives under various schemes notified by government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

### Income from Energy Savings Certificates

Income from energy savings certificates under the scheme of Government of India through Bureau of Energy Efficiency, Ministry of Power ('BEE') called 'Perform, Achieve and Trade mechanism is accrued in the year in which the certificates are issued by BEE and is initially measured at its best estimate of the realisable amount. After the initial measurement, the realisable amount is adjusted based on the latest available information about realisable price of such certificates, with changes recognised in the statement of profit and loss.

### h) Taxes

Tax expense comprises of current income tax and deferred tax.

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax (including Minimum Alternate Tax (MAT)) is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

Current income tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is provided using the liability approach 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 associates, 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 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:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of 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 deductible temporary differences associated with investments in associates, 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 profit will be available against which the temporary differences can be utilized.

The Group is eligible and claiming tax deductions available under section 80IA of the Income Tax Act, 1961 for a period of 10 years w.e.f FY 2011-12 in respect of windmill income. In view of Group availing tax deduction under Section 80IA of the Income Tax Act, 1961, deferred tax has been recognized in respect of temporary difference, which will reverse after the tax holiday period in the year in which the temporary difference originates and no deferred tax (assets or liabilities) is recognized in respect of temporary difference which reverse during tax holiday period, to the extent such gross total income is subject to the deduction during the tax holiday period. For recognition of deferred tax, the temporary difference which originates first are considered to reverse first.

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 future 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 date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

The Group recognizes deferred tax credits in the nature of Minimum Alternate Tax (MAT) credit entitlement only to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which MAT tax credit is allowed to be carried forward, sufficient to utilize the MAT credit entitlement. In the year in which the Group recognises MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The carrying amount of tax credit is reviewed at each reporting date as stated above.

### i) **Property, plant and equipment**

Property, plant and equipment (PPE) and capital work in progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized 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 recognized in profit or loss as incurred.

The Group adjusts exchange differences arising on translation difference/settlement of long term foreign currency monetary items outstanding in the Indian GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial statements i.e. March 31, 2016 and pertaining to the acquisition of a depreciable asset to the cost of asset and depreciates the same over the remaining life of the asset.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as prescribed under Part C

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of Schedule II of the Companies Act 2013 except for the lease hold land which is amortized over the lease term of 99 years. The Identified component of property, plant and equipments are depreciated over their useful lives and the remaining components are depreciated over the life of the principal assets. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### J) Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

The Group depreciates building component of investment property over 60 years from the date of original purchase.

Though the group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of 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.

### k) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Cost incurred on internally generated intangible assets are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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 recognised in the statement of profit or loss when the asset is derecognised.

A summary of the policies applied to the Group's intangible assets is as follows:

Intangible Assets	Method of Amortization	Estimated Useful life
Computer software	on straight line basis	Six years or validity period whichever is lower
Licenses	on straight line basis	Over its useful validity period



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### m) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 01, 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

#### Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

#### Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

### n) Inventories

Inventories of Raw material, Work-in-progress, Finished goods and Stock-in-trade are valued at the lower of cost and net realisable value. However, Raw material and work in-progress held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost basis.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on Weighted Average Cost basis.

Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost basis.

All other inventories of stores and consumables (including coal) are valued at weighted average cost.

Stores and Spares which do not meet the definition of property, plant and equipment are accounted as inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**o) Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budget / forecast the Group extrapolates cash flow projection in the budget working a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case this growth rate does not exceed the long term average growth rate for the products, industry or the market in which the asset is used.

Impairment losses including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss as exceptional item.

**p) Provisions**

**General**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**q) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The employee's gratuity fund scheme and post-retirement medical benefit schemes are Group's defined benefit plans. The contributions under the plans are made to separately administered funds. The cost of providing benefits under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on the net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short term employee benefits. The Group measures the expected cost of such absence as the additional amount that is expected to pay as a result of the unused estimate that has accumulated at the reporting date. The Group treats accumulated leave expected to be carried forward beyond twelve months as long term compensated absences which are provided for based on actuarial valuation as at the end of the period. The actuarial valuation is done as per projected unit credit method.

### r) 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.

#### Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value plus in case of financial asset not recorded at fair value through profit and loss, transaction cost that are attributable to the acquisition of the financial assets.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt instrument at amortised cost
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

##### Debt instruments at amortised cost

A Debt instrument is measured at amortised cost if both the following conditions are met:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The category is most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss except where

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

the Group has given temporary waiver of interest not exceeding 12 months period. This category generally applies to trade, loans and other receivables.

### Debt instruments at fair value through profit or loss

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

After initial measurement, such financial assets are subsequently measured at fair value with all changes recognised in Statement of profit and loss.

### Equity instruments

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 Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit or Loss.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group 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 Group could be required to repay.

### Impairment of financial assets

The Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure ;

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g. loans, debt securities, deposits, trade receivables and bank balances.
- b) Financial assets that are debt instruments and are measured as at other comprehensive income (FVTOCI)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- c) 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 11 and Ind AS 18

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables.

Under the simplified approach the Group does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group 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.

ECL is the difference between all contracted cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original EIR. ECL impairment loss allowance (or reversal) recognised during the period is recognised as income / (expense) in the statement of profit and loss (P&L). This amount is reflected under the head "Other Expense" in the P&L.

The balance sheet presentation for various financial instruments is described below:

### **Financial assets measured as at amortised cost, contractual revenue 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, the group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

### **Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risk are recognized in OCI. These gains / losses are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

value of such liability are recognized in the statement of profit or loss. The Group has not designated any financial liability as at FVTPL.

### Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## s) Derivative financial instruments

### Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value through profit or loss (FVTPL) on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivative financial instrument or on settlement of such derivative financial instruments are recognised in statement of profit and loss and are classified as Foreign Exchange (Gain) / Loss except those relating to borrowings, which are separately classified under Finance Cost.

## t) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Group's cash management.

### u) Cash dividend to equity holders of the Group

The Group recognises a liability to make cash to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### v) Earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 3 Significant accounting estimates and assumptions

The preparation of the Group's Ind AS Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accounting disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**Taxes** Deferred tax assets are recognised for unused tax credits to the extent that it is probable that taxable profit will be available against which the credits can be utilised. Significant management judgment 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. Further details on taxes are disclosed in note 25.

**Defined benefit plans (gratuity benefits and other post-employment medical benefits)** The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of these obligations 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, medical cost escalations and mortality rates etc. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Medical cost escalations are based on expected future medical expenditure.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Further details about gratuity and post-employment medical benefits obligations are given in Note 41.

**Fair value measurement 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 DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note 48 for further disclosures.

**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 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 cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance being tested. 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. Refer Note 44 for further disclosures.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 4 : Property, plant and equipment

	Land freehold	Land lease hold	Buildings	Plant and equipment	Furniture and fixture	Vehicles	Office equipment	Roads, culverts and compound wall	Water supply and drainage system	Railway sidings	Total
<b>(Rs. in Crores)</b>											
<b>COST</b>											
As at April 01, 2016	111.03	222.42	421.54	6,653.63	30.63	5.96	11.24	61.34	121.25	3.77	7,642.81
Additions	-	-	5.20	10.44	1.59	1.80	0.43	2.20	0.22	-	21.88
Disposals	-	(7.73)	-	(2.42)	(0.26)	(0.96)	(0.10)	-	-	-	(11.47)
As at March 31, 2017	111.03	214.69	426.74	6,661.65	31.96	6.80	11.57	63.54	121.47	3.77	7,653.22
Additions	-	-	0.72	26.60	1.01	1.21	0.67	1.00	1.07	-	32.28
Disposals	-	-	-	(95.27)	(0.29)	(0.22)	(0.05)	-	-	-	(95.83)
As at March 31, 2018	111.03	214.69	427.46	6,592.98	32.68	7.79	12.19	64.54	122.54	3.77	7,589.67
<b>DEPRECIATION / AMORTIZATION</b>											
As at April 01, 2016	-	9.19	72.04	2,802.14	16.06	2.35	9.36	19.64	35.29	3.58	2,969.65
Depreciation for the year	-	2.20	10.11	220.72	2.79	0.69	0.61	4.20	7.43	-	248.75
Adjustment	-	0.23	2.42	35.05	0.20	0.02	-	1.23	3.16	-	42.31
Disposals	-	(0.40)	-	(2.19)	(0.23)	(0.46)	(0.09)	-	-	-	(3.37)
As at March 31, 2017	-	11.22	84.57	3,055.72	18.82	2.60	9.88	25.07	45.88	3.58	3,257.34
Depreciation for the year	-	2.24	11.50	237.06	1.61	0.77	0.52	4.76	9.03	-	267.49
Disposals	-	-	-	(49.50)	(0.26)	(0.10)	(0.03)	-	-	-	(49.89)
As at March 31, 2018	-	13.46	96.07	3,243.28	20.17	3.27	10.37	29.83	54.91	3.58	3,474.94
<b>IMPAIRMENT</b>											
As at April 01, 2016	-	10.53	35.71	263.98	0.80	0.08	-	6.04	15.33	-	332.47
Adjustments	-	(0.23)	(2.42)	(35.05)	(0.20)	(0.02)	-	(1.23)	(3.16)	-	(42.31)
Impairment reversal during the year (refer Note 44)	-	(10.30)	(33.29)	(228.93)	(0.60)	(0.06)	-	(4.81)	(12.17)	-	(290.16)
As at March 31, 2017	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	-	-	-	-	-	-	-	-	-	-	-
<b>NET BLOCK</b>											
As at March 31, 2018	111.03	201.23	331.39	3,349.70	12.51	4.52	1.82	34.71	67.63	0.19	4,114.73
As at March 31, 2017	111.03	203.47	342.17	3,605.93	13.14	4.20	1.69	38.47	75.59	0.19	4,395.88

#### Notes :

- Leasehold Land pertains to the costs incurred for leasehold land in possession of the Company as a Licensee, pending completion of formalities for execution of the lease agreement for a term of 99 years.
- Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' acquired under Government's policy for reimbursement of project cost to the Company over a period of five years from the date of commercial production, was capitalized on 01.10.2013. Accordingly, plant and equipment include assets amounting to Rs. 1,248.39 crores (net of decapitalisation noted in note 3 below) represented by capital grant of Rs. 1,213.06 crores as contemplated in Note 22.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. During the year the Company has received concession amounting to Rs. 52.44 crores towards Feed Stock Conversion Project, which has been adjusted to the carrying value of plant and equipment in terms of para 37 of Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The gain (adjustment) of Rs. 10.91 crore arising on decapitalisation is transferred to Other income (refer Note 27).
4. Assets given on lease includes plant and equipment :
  - Cost as at March 31, 2018 is Rs. 9.39 crore (March 31, 2017 Rs. 9.39 crore)
  - Depreciation as at March 31, 2018 is Rs. 8.92 crore (March 31, 2017 Rs. 8.92 crore)
  - Net block as at March 31, 2018 is Rs. 0.47 crore (March 31, 2017 Rs. 0.47 crore)
5. Capital work in progress as at March 31, 2018 is Rs. 13.67 Crore (March 31, 2017 Rs. 14.41 crore) mainly includes cost incurred on plant and equipment procured at TDI-I and TDI-II locations.

### Note 5 : Investment property

	(Rs. in Crores)	
Particulars	Building	Total
<b>COST</b>		
As at April 01, 2016	25.93	25.93
Additions (subsequent expenditure)	-	-
As at March 31, 2017	25.93	25.93
Additions (subsequent expenditure)	-	-
As at March 31, 2018	25.93	25.93
<b>DEPRECIATION</b>		
As at April 01, 2016	6.09	6.09
Depreciation for the year	0.43	0.43
As at March 31, 2017	6.52	6.52
Depreciation for the year	0.43	0.43
As at March 31, 2018	6.95	6.95
<b>NET BLOCK</b>		
As at March 31, 2018	18.98	18.98
As at March 31, 2017	19.41	19.41

Information regarding income and expenditure of Investment property		(Rs. in Crores)
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Rental income derived from Investment properties	10.97	9.90
Direct operating expenses (including repairs and maintenance) generating rental income	(5.81)	(3.96)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(0.68)	(0.63)
<b>Profit arising from investment property before depreciation and indirect expenses</b>	<b>4.48</b>	<b>5.31</b>
Less : Depreciation	(0.43)	(0.43)
<b>Profit arising from investment property before indirect expenses</b>	<b>4.05</b>	<b>4.88</b>

- (i) As at March 31, 2018 and March 31, 2017 the fair values of the investment property is Rs 57.61 and Rs. 60.05 Crore respectively, based on valuations performed by an accredited independent valuer, who is a specialist in valuing these types of investment properties.
- (ii) The Company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
- (iii) Fair value hierarchy disclosure for investment properties have been provided in Note 48.2.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 6 : Intangible assets

(Rs. in Crores)

Particulars	Computer software	Licenses	Total
<b>COST</b>			
As at April 01, 2016	21.51	34.27	55.78
Additions	1.16	-	1.16
As at March 31, 2017	22.67	34.27	56.94
Additions	3.03	-	3.03
As at March 31, 2018	25.70	34.27	59.97
<b>AMORTIZATION</b>			
As at April 01, 2016	17.55	9.96	27.51
Amortization for the year	0.83	1.43	2.26
Impairment Reversal during the year (Refer Note 44)	-	0.24	0.24
As at March 31, 2017	18.38	11.63	30.01
Amortization for the year	1.00	1.55	2.55
As at March 31, 2018	19.38	13.18	32.56
<b>IMPAIRMENT</b>			
As at April 01, 2016	-	2.31	2.31
Impairment Reversal during the year (Refer Note 44)	-	(2.31)	(2.31)
As at March 31, 2017	-	-	-
As at March 31, 2018	-	-	-
<b>NET BLOCK</b>			
As at March 31, 2018	6.32	21.09	27.41
As at March 31, 2017	4.29	22.64	26.93

### Note 7 : Investments

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Trade Investments</b>		
(i) Investment in Associate (at cost) (Unquoted)		
Investment In equity instrument - unquoted (In fully paid up equity shares)		
12,50,000 (previous year 12,50,000) Equity shares of Gujarat Green Revolution Company Limited of Rs. 10/- each #	60.35	54.89
Total	60.35	57.89
<b>Non- Trade Investments</b>		
(i) Investments at fair value through other comprehensive income (FVTOCI)[Refer note (a & b)]		
Investments at FVTOCI		
Investment In equity Instruments - Quoted (In fully paid up equity shares)		
A) 75,00,000 (previous year 75,00,000) Equity Shares of Gujarat State Fertilizers & Chemicals Limited of Rs 2/- each	85.58	98.25
B) 17,59,996 (previous year 17,59,996) Equity Shares of Gujarat Alkalies & Chemicals Limited of Rs 10/- each	122.94	71.77

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
C) 80,00,000 (previous year 80,00,000) Equity Shares of Gujarat State Petronet Ltd of Rs 10/- each	151.60	129.20
D) 53,289 (previous year 53,289) Equity Shares of Gujarat Gas Ltd of Rs 10/- each	4.44	4.10
	<u>364.56</u>	<u>303.32</u>
<b>Investments in equity instruments-unquoted</b>		
A) 2,15,43,200 (previous year 2,15,43,200) equity shares of Gujarat State Petroleum Corporation Limited of Rs 1/- each	17.30	73.52
B) 42,000 (previous year 42,000) equity shares of Bharuch Enviro Infrastructure Limited of Rs 10/- each	5.13	3.72
C) 20,000 (previous year 20,000) equity shares of Gujarat Venture Finance Limited of Rs 10/- each	0.25	0.22
D) 18,39,60,000 (previous year 18,39,60,000) equity shares of Gujarat Chemical port Terminal Company Limited of Rs 1/- each	279.62	298.75
E) 2,42,10,000 (previous year 2,42,10,000) equity shares of Ecophos GNFC Private Limited of Rs. 10/- each	19.17	24.21
F) 4,92,60,000 (previous year 4,92,60,000) equity shares of Bhavnagar Energy Company Limited of Rs 10/- each	24.38	36.36
G) 10 (previous year 10) shares of GESIA IT Association of Rs. 10/- each	- *	- *
H) 1,35,30,000 (previous year 1,35,30,000) equity shares of Bharuch Dahej Railway Company Limited of Rs 10/- each	14.33	21.09
	<u>360.18</u>	<u>457.87</u>
<b>Total</b>	<u>724.74</u>	<u>761.19</u>
<b>Non-current</b>	785.09	816.08
<b>Current</b>	-	-
<b>Total Investment</b>	<u>785.09</u>	<u>816.08</u>
- <b>Aggregate book value of quoted investments and market value thereof</b>	364.56	303.32
- <b>Aggregate amount of unquoted investments</b>	420.53	512.76
* Amount nullified on conversion to Rs in Crores		
# Investment in Associate is accounted under Equity method as under:		
Opening Carrying Value of Investments	54.89	47.40
Add: Share in Profit for the year	5.46	7.49
Carrying Value of Investments at the year end	<u>60.35</u>	<u>54.89</u>

(a) The fair value of the quoted equity investments are derived from quoted market prices in active market.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(b) Investments includes investment in unquoted equity shares. Fair value of unquoted investment in equity instrument have been carried out by independent valuer using Net Assets Value model and Comparable Companies model following Market Approach and Income Approach. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk, volatility, net assets and market multiples. The probabilities of various estimates within the range can be reasonably assessed and are used in management's estimates of fair value for these unquoted equity instruments.

### Reconciliation of Fair value measurement of the investment in equity shares

	As at March 31, 2018	(Rs. in Crores) As at March 31, 2017
Opening Balance	761.19	707.86
Add : Investment made during the year	-	24.21
Fair value (Loss) / Gain recognised in Other Comprehensive Income	(36.45)	29.12
Closing Balance	<u>724.74</u>	<u>761.19</u>

### Note 8 : Loans and advances (unsecured)

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Current</b>		
Loans		
Unsecured - considered good		
Loans to employees	15.41	16.21
Total	<u>15.41</u>	<u>16.21</u>
<b>Non-Current</b>		
Loans		
Unsecured - considered good		
Loans to employees	75.76	78.22
Unsecured - considered doubtful		
Amount recoverable from employees	1.57	1.57
Less: Provision for doubtful loans	(1.57)	(1.57)
	-	-
Loan to other companies	0.40	0.40
Less: Provision for doubtful loans	(0.40)	0.40
	-	-
Total	<u>75.76</u>	<u>78.22</u>
Total loans and advances	<u>91.17</u>	<u>94.43</u>

### Note 9 : Other financial assets

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Current</b>		
Other financial assets		
Capital grant recoverable from Government of India ( *)	31.38	319.01
Accrued income	1.29	3.89
Accrued interest	0.43	0.45
Other receivables	0.02	0.02
Total	<u>33.12</u>	<u>323.37</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
<b>Other financial assets</b>		
Deposits with suppliers	8.38	10.58
Fair value of derivative contracts	1.47	-
Other receivables	0.20	0.20
Capital grant recoverable from Government of India (*)	-	60.07
Deposit with original maturity of more than twelve (12) months	-	0.01
<b>Total</b>	<b>10.05</b>	<b>70.86</b>
<b>Total other financial assets</b>	<b>43.17</b>	<b>394.23</b>

(\*) Represents the Grant to be disbursed by Government of India for feed stock conversion project from 'LSHS/ FO' to 'Gas' as contemplated in note - 22.

## Note 10 : Trade receivables (Unsecured)

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Trade receivables</b>		
Considered good	458.94	476.27
Considered doubtful	5.03	4.33
<b>Subsidy receivables (Considered good)</b>	<b>665.14</b>	<b>635.26</b>
	<b>1,129.11</b>	<b>1,115.86</b>
<b>Less : Impairment Allowances (Allowance for doubtful debts)</b>		
<b>Trade receivables</b>		
Considered good	(4.00)	-
Considered doubtful	(5.03)	(4.33)
<b>Total</b>	<b>1,120.08</b>	<b>1,111.53</b>

## Note:

No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person; nor any trade or other receivables are due from firms or private companies in which any director is a partner, a director or a member.

## Note 11 : Other non-current assets

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Unsecured, considered good</b>		
Unamortized employee loan benefits	24.35	26.38
Balances with Customs, Central Excise and other Government departments	12.39	12.14
Capital advances	0.71	0.01
Other receivables	-	0.24
<b>Unsecured - considered doubtful</b>		
Advances to suppliers	5.67	5.67
Less: Provision for doubtful advances	(5.67)	(5.67)
	-	-
Balances with Government authority	5.01	5.01
Less: Provision for doubtful balances	(5.01)	(5.01)
	-	-
<b>Total</b>	<b>37.45</b>	<b>38.77</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 12 : Inventories (Valued at lower of Cost and Net realisable value) (Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials (Includes in transit inventory as on March 31, 2018 Rs. Nil; as on March 31, 2017 Rs. 0.29 crore)	97.85	130.23
Work-in-progress	35.06	21.43
Finished goods	93.97	96.05
Traded goods	3.36	17.80
Stores and spares (Including coal) (Includes in transit inventory as on March 31, 2018 Rs. 19.45 crore; as on March 31, 2017 Rs. 3.50 crore)	450.40	396.28
<b>Total</b>	<b>680.64</b>	<b>661.79</b>

### Note 13 : Cash and cash equivalents (Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks in Current accounts	6.03	4.00
Cash on hand	0.12	0.10
<b>Total</b>	<b>6.15</b>	<b>4.10</b>

### Changes in liabilities arising from financing activities (refer Note 2.1): (Rs. in Crores)

Particulars	As at April 01, 2017	Cash flows	Foreign exchange management	Changes in fair values	Other	As at March 31, 2018
Current borrowings (excluding items listed below)	1,073.31	(851.50)	7.75	-	-	229.56
Non-current borrowings (excluding items listed below)	533.41	(471.95)	10.08	1.93	(73.47)	-
Derivatives	6.64	-	-	(8.11)	-	(1.47)
Current maturities of long-term borrowings	352.20	(353.72)	-	1.52	73.47	73.47
Deposits from customers / vendors	49.25	0.98	-	-	-	50.23
Unclaimed dividends	6.64	1.42	-	-	-	8.06
<b>Total</b>	<b>2,021.45</b>	<b>(1,674.77)</b>	<b>17.83</b>	<b>(4.66)</b>	<b>-</b>	<b>359.85</b>

The 'Other' column includes the effect of reclassification of non-current portion of borrowings to current due to the passage of time, and the effect of accrued but not yet paid interest on borrowings.

### Note 14 : Other bank balances (Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks		
Unpaid dividend accounts	8.06	6.64
Deposit with original maturity of Less than twelve (12) months (Pledged with Government authorities)	1.95	1.77
<b>Total</b>	<b>10.01</b>	<b>8.41</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 15 : Other current assets

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with Customs, Central Excise and other Government departments	116.80	139.40
Advances to suppliers	83.67	111.38
Unbilled revenue	20.18	20.96
Receivable from others	14.14	15.63
Prepaid expenses	3.53	3.39
Unamortized employee loan benefit	4.96	3.97
Energy savings certificates	-	36.81
<b>Total</b>	<b>243.28</b>	<b>331.54</b>

### Note 16 : Share capital

(Rs. in Crores)

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised share capital</b>				
Equity shares of Rs.10 each	25,00,00,000	250.00	25,00,00,000	250.00
	25,00,00,000	250.00	25,00,00,000	250.00
<b>Issued, subscribed and fully paid up</b>				
Equity shares of Rs.10 each subscribed and fully paid up	15,54,18,783	155.42	15,54,18,783	155.42
<b>Total issued, subscribed and fully paid up share capital</b>	<b>15,54,18,783</b>	<b>155.42</b>	<b>15,54,18,783</b>	<b>155.42</b>

#### Note 16.1. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity Shares</b>				
At the beginning of the year	15,54,18,783	155.42	15,54,18,783	155.42
Issued/reduction, if any during the year	-	-	-	-
Outstanding at the end of the year	15,54,18,783	155.42	15,54,18,783	155.42

#### Note 16.2. Terms/rights attached to the equity shares

##### Rights preferences and restrictions attached to equity shares:

The company has only one class of equity shares having par value of Rs 10 per share, i.e. equity shares which rank pari passu in all respects. Each holder of equity share is entitled to one vote per share.

For the current financial year 2017-18, the Company has proposed dividend of Rs 7.5 per equity share to equity shareholder (for the previous financial year dividend of Rs 5 per equity share declared). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 16.3. Number of Shares held by each shareholder holding more than 5% Shares in the Company

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding
Gujarat State Investments Ltd.	3,32,27,546	21.38	3,32,27,546	21.38
Gujarat State Fertilizers & Chemicals Ltd	3,07,79,167	19.80	3,07,79,167	19.80
Life Insurance Corporations of India	1,17,91,612	7.59	1,17,91,612	7.59
Fidelity Puritan Trust - Fidelity Low Priced Stock Fund	56,77,065	3.65	1,23,00,000	7.91

### Note 17 : Other equity

#### Note 17.1 Reserves and Surplus

(Rs. in Crores)

Particulars	Capital reserve	Securities Premium	General reserve	Retained earnings	Total
As at April 01, 2016	0.64	313.31	2189.76	203.53	2,707.24
Profit for the year				528.79	528.79
Re-measurement losses on defined benefit plans (Net of Taxes)				(6.07)	(6.07)
<b>Balance available for appropriation</b>				<b>726.25</b>	<b>3,229.96</b>
<b>Less : Appropriations</b>					
Dividend				31.09	31.09
Tax on equity dividend				6.33	6.33
<b>As at March 31, 2017</b>	<b>0.64</b>	<b>313.31</b>	<b>2,189.76</b>	<b>688.83</b>	<b>3,192.54</b>
Profit for the year				794.94	794.94
Re-measurement losses on defined benefit plans (Net of Taxes)				(26.72)	(26.72)
<b>Balance available for appropriation</b>				<b>1457.05</b>	<b>3,960.76</b>
<b>Less : Appropriations</b>					
Transfer to General reserve			115.00	(115.00)	-
Dividend				77.71	77.71
Tax on equity dividend				15.82	15.82
<b>As at March 31, 2018</b>	<b>0.64</b>	<b>313.31</b>	<b>2,304.76</b>	<b>1,248.52</b>	<b>3,867.23</b>

#### Securities Premium:

Securities premium reserve is used to record the premium on issue of shares. This reserve is utilized in accordance with the provision of section 52 (2) (c) of the Companies Act, 2013.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 17.2 Other Comprehensive Income (OCI)

(Rs. in Crores)

Particulars	Net gain / (loss) on FVTOCI equity Investments	Total
<b>As at April 01, 2016</b>	<b>461.03</b>	<b>461.03</b>
Other comprehensive income during the year		
Net gain on FVTOCI equity investments for the year	29.12	29.12
Income tax effect	17.12	17.12
<b>As at March 31, 2017</b>	<b>507.27</b>	<b>507.27</b>
Other comprehensive income during the year		
Net (loss) on FVTOCI equity investments for the year	(36.45)	(36.45)
Income tax effect	23.57	23.57
<b>As at March 31, 2018</b>	<b>494.39</b>	<b>494.39</b>

### Note 17.3 Dividend distribution made and proposed

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Cash dividends on equity shares declared and paid</b>		
Final dividend for year ended March 31, 2017 : Rs. 5 per share (March 31, 2016: Rs. 2 per share)	77.71	31.09
Dividend distribution tax on final dividend	15.82	6.33
	<u>93.53</u>	<u>37.42</u>
<b>Proposed dividends on equity shares</b>		
Final cash dividend proposed for the year ended March 31, 2018: Rs. 7.5 per share (March 31, 2017: Rs. 5 per share)	116.56	77.71
Dividend distribution tax on proposed dividend	23.96	15.82
	<u>140.52</u>	<u>93.53</u>

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including dividend distribution tax thereon) as at balance sheet date.

### Note 18 : Borrowings

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-current interest bearing borrowings</b>		
<b>Secured</b>		
Term loans		
Rupee term loans from banks	-	470.02
Foreign currency term loan from bank	-	63.39
	<u>-</u>	<u>533.41</u>
<b>Current interest bearing borrowings</b>		
<b>Secured</b>		
Term loans		
Rupee term loans from banks	-	177.96
Foreign currency term loan from bank	73.47	24.24
<b>Unsecured</b>		
Term loans		
Rupee term loans from others	-	150.00
<b>Regrouped with other current financial liabilities (refer Note 20)</b>	<u>73.47</u>	<u>352.20</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### a) Security details

- (i) Rupee term loans from banks were secured by way of first mortgage on all immovable properties, both present and future, for which charge was created and were further secured by way of hypothecation created on all non-current assets and second charge by way of hypothecation created on all current assets including inventories and trade receivables.
- (ii) Foreign currency term loan from bank is secured by way of first mortgage on all immovable properties, both present and future, for which charge is created and is further secured by way of hypothecation created on all movable fixed assets.
- (iii) The above charges are ranking pari-passu among the lenders.

### b) Repayment details

- (i) A part of Rupee term loans from banks was carrying interest at ranging from 10.60% to 11.50% p.a. (floating) payable on monthly basis. The loan was repayable in quarterly installments starting from 30.09.2012 and ending on 30.06.2017. Outstanding amount as at March 31, 2018 is Rs. nil (as at March 31, 2017 Rs. 57.60 crore).
- (ii) A part of Rupee term loans from banks was carrying interest at ranging from 9.55% to 9.70% p.a. (floating) payable on monthly basis. The loan was repayable in quarterly installments starting from 31.12.2013 and ending on 30.09.2021. During the year, the Company has repaid entire outstanding loan and hence outstanding amount as at March 31, 2018 is Rs. nil (as at March 31, 2017 Rs. 590.38 crore).
- (iii) Foreign currency term loan from bank carries interest at 6 month Euribor plus 1.98%, payable on half yearly basis. The loan is repayable in half yearly installments starting from 01.10.2014 and ending on 01.04.2020. Outstanding amount as at March 31, 2018 is Rs. 73.47 crore, which is prepaid on 16.04.2018 (as at March 31, 2017 Rs. 87.63 crore).
- (iv) Unsecured rupee term loan from others was carrying interest at 8.50% p.a. (floating) payable on quarterly basis. The outstanding loan of Rs. 150 crore was repaid on 09.03.2018 (as at March 31, 2017 Rs. 150 crore).

### Short-term interest bearing borrowings

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Secured</b>		
Loan repayable on demand		
From Bank - Cash credit and overdraft accounts	102.86	568.84
Other loans & advances from banks*	51.22	247.46
PCFC export credit in foreign currency	6.66	-
<b>Unsecured</b>		
Loan repayable on demand from others	3.05	3.05
Other loans & advances		
Buyers' credit in foreign currency from banks	65.77	129.93
Commercial papers	-	124.03
<b>Total</b>	<b>229.56</b>	<b>1,073.31</b>

\*represents borrowings against subsidy receivable as per Special Banking Arrangement of Government of India

### Security details

Short term borrowings from banks as cash credit and overdraft accounts of Rs. 102.86 Crore (March 31, 2017: Rs. 568.84 Crore), Short-Term Loans and Advances from Banks of Rs. 51.22 Crore (March 31, 2017: Rs. 247.46 Crore) and PCFC Export Credit in Foreign Currency from Banks of Rs. 6.66 Crore (March 31, 2017: Rs. nil) are secured by first charge by way of hypothecation of inventories and trade receivables and all other movable assets, both present and future and further secured by second charge by way of mortgage on all immovable properties. These charges are ranking pari-passu among the working capital lenders.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Interest rate details for short term borrowings:**

- (i) Cash credit accounts carries interest rates ranging from 7.85% to 9.70% p.a.
- (ii) Packing Credit in Foreign Currency (PCFC) carries interest rate of 3 months LIBOR+1% p.a.
- (iii) Other loans and advances from banks carries interest rate of 0.96% p.a.
- (iv) Commercial papers carries interest at ranging from 6.16% to 6.60% p.a.
- (v) Buyers credit carries interest at ranging from 1.81% to 2.45% p.a.

**Note 19 : Trade payables****(Rs. in Crores)**

Particulars	As at March 31, 2018	As at March 31, 2017
Trade payables (Refer note below for details of dues to Micro, Small and Medium Enterprises)	431.47	340.11
<b>Total</b>	<b>431.47</b>	<b>340.11</b>

**Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"):**

(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year.	14.18	6.65
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-	-

This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

**Note 20 : Other current financial liabilities****(Rs. in Crores)**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Other financial liabilities at amortised cost</b>		
Current maturities of long-term borrowings	73.47	352.20
Deposits from customers / vendors	50.23	49.25
Payable for capital goods	25.05	13.09
Interest accrued but not due on borrowings	11.03	11.99
Unclaimed dividends <sup>#</sup>	8.06	6.64
Fair value of derivative contracts	-	6.65
<b>Total</b>	<b>167.84</b>	<b>439.82</b>

<sup>#</sup> Not due for credit to "Investors Education and Protection Fund"

**Note 21 : Long-term provisions****(Rs. in Crores)**

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for leave encashment	130.71	111.30
Provision for post retirement medical benefit (refer Note 41)	42.73	21.37
<b>Total</b>	<b>173.44</b>	<b>132.67</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 22 : Government grant (Deferred Income)

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Current</b>		
Grant from Government of India (refer note (a))	60.65	60.65
Government grant of Export Promotion Capital Grant (EPCG) (refer note b)	5.00	16.02
<b>Total</b>	<b>65.65</b>	<b>76.67</b>
<b>Non-Current</b>		
Grant from Government of India (refer note (a))	879.47	940.12
Other Government grant	1.00	1.00
<b>Total</b>	<b>880.47</b>	<b>941.12</b>
<b>Total government grant (deferred income)</b>	<b>946.12</b>	<b>1017.79</b>

#### (a) Movement in Grant from Government of India

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Opening</b>	<b>1,000.77</b>	<b>1,063.77</b>
De-recognised on final assessment completed	-	(2.68)
Released to statement of profit and loss	(60.65)	(60.32)
<b>Closing</b>	<b>940.12</b>	<b>1,000.77</b>

The capital grant from Government of India, Ministry of Chemicals & Fertilizers, Department of Fertilizers for feed stock conversion project from 'LSHS/FO' to 'Gas' vide sanction letter no 14023/22/2007-FP dated 14.12.2009 has accrued since the conditions attached to the grant have been fulfilled by the Company. Accordingly the grant of Rs. 1,215.74 crore was recorded as contemplated under Para 7 and 12 of Ind AS - 20 on 'Accounting for Government Grants and Disclosure of Government Assistance'. The Government would reimburse the above grant over a period of 5 Years. The scrutiny of project cost is completed by the Government appointed team during the previous year ended March 31, 2017 and the Grant to be disbursed was finalised at Rs. 1,213.06 crore, whereby an amount of Rs. 2.68 crore was derecognised during the previous year 2016-17.

#### (b) Movement in Government grant of EPCG

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Opening</b>	<b>16.02</b>	<b>44.42</b>
Released to statement of profit and loss	(11.02)	(28.40)
<b>Closing</b>	<b>5.00</b>	<b>16.02</b>

### Note 23 : Other current liabilities

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Statutory and other liabilities	70.99	12.39
Other current liabilities	41.67	41.67
Advances from customers	20.53	20.07
<b>Total</b>	<b>133.19</b>	<b>74.13</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 24 : Short-term provisions

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for leave encashment	41.04	39.44
Provision for contingencies (refer note a)	12.66	-
Provision for post retirement medical benefit (Refer Note 41)	1.42	1.05
<b>Total</b>	<b>55.12</b>	<b>40.49</b>

#### Note - a

The Company has created a contingency provision of Rs. 12.66 crore (previous year Rs. Nil) towards policy uncertainties related to the Company's claims with the Government authorities based on the management assessment. The movement of contingency provision is as under:

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening Balance	-	-
Provision made during the year	12.66	-
Amount utilised / reversed during the year	-	-
<b>Closing balance</b>	<b>12.66</b>	<b>-</b>

### Note 25 : Income Tax

The major component of income tax expenses for the year ended March 31, 2018 and March 31, 2017 are as under.

#### a) Statement of Profit and Loss Section

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Current Income tax</b>		
Current tax charges <b>A</b>	383.70	82.63
<b>Deferred Tax</b>		
Relating to origination and reversal of temporary differences	10.67	200.73
Tax (credit) under Minimum Alternate Tax (current year amount pertains to earlier years) (previous year amount includes Rs. 31.04 crore pertaining to earlier years).	(21.92)	(89.61)
<b>B</b>	<b>(11.25)</b>	<b>111.12</b>
<b>Tax Expense reported in the Statement of Profit and Loss</b> <b>A+B</b>	<b>372.45</b>	<b>193.75</b>
<b>Other Comprehensive Income ('OCI') Section</b>		
Income tax / Deferred tax related to items recognised in OCI during the year	14.14	3.21
Remeasurement losses on defined benefit plans, credit	23.57	17.12
Unrealised gain / (loss) on FVTOCI equity investments, credit	37.71	20.33

#### b) Balance Sheet Section

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Liabilities for current tax (net)	99.91	62.31
Income tax assets (net)	(40.53)	(38.68)
<b>Net Tax Provision Outstanding</b>	<b>59.38</b>	<b>23.63</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### c) Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017 (Rs. in Crores)

	Year ended March 31, 2018		Year ended March 31, 2017	
	%	Amount	%	Amount
<b>Profit Before tax</b>		<b>1,161.93</b>		<b>715.05</b>
<b>Tax using domestic tax rate for Company</b>	<b>34.61</b>	<b>402.12</b>	<b>34.61</b>	<b>247.46</b>
<b>Tax Effect of :</b>				
Income exempted from tax	(0.20)	(2.27)	(0.29)	(2.05)
Deduction u/s 80IA	(2.01)	(23.33)	(1.01)	(7.20)
Expenses with weighted deduction in tax	(0.03)	(0.30)	(0.10)	(0.74)
Non-deductible expenses	0.12	1.45	0.29	2.08
Sale of assets	0.05	0.59	(0.90)	(6.46)
MAT credit entitlement of earlier years	(1.89)	(21.92)	(4.34)	(31.04)
Income taxable under long term capital gain tax	0.00	0.04	0.31	2.24
Adjustment in depreciation net book value of assets	0.98	11.39	(0.80)	(5.71)
Change in rate of cess (from 3% to 4%)	0.41	4.80	-	-
Other adjustments	(0.01)	(0.12)	(0.68)	(4.83)
<b>Effective tax rate and tax</b>	<b>32.05</b>	<b>372.45</b>	<b>27.10</b>	<b>193.75</b>
<b>Tax expenses as per Books</b>		<b>372.45</b>		<b>193.75</b>

### d) Deferred Tax Liability (net) (Rs. in Crores)

	Balance Sheet as at		Statement of Profit and Loss	
	March 31, 2018	March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
(Liability) on Accelerated depreciation for tax purpose	(904.24)	(902.82)	1.42	91.04
Assets on provision for Leave encashment	57.28	49.44	(7.84)	(7.41)
Assets on carry forward losses and unabsorbed depreciation	-	-	-	96.29
Assets on deferred government grant of ASGP	328.52	346.36	17.84	21.79
Assets on deferred government grant of EPCG	1.75	5.54	3.79	9.83
Assets on Provision for doubtful debts and advances	15.86	9.70	(6.16)	(3.68)
(Liability) on equity investment FVTOCI	(23.67)	(47.24)	(23.57)	(20.33)
Assets / (liability) on other adjustments	1.30	2.92	1.62	(7.13)
	<b>(523.20)</b>	<b>(536.10)</b>	<b>(12.90)</b>	<b>180.40</b>

### e) Deferred tax liabilities reflected in the balance sheet as follows (Rs. in Crores)

	March 31, 2018	March 31 2017
Deferred tax liabilities	523.20	536.10
Less : Tax credit entitlement under MAT	(44.53)	(149.18)
<b>Deferred tax liabilities (net)</b>	<b>478.67</b>	<b>386.92</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### f) Reconciliation of deferred tax liabilities (net)

(Rs. in Crores)

	March 31, 2018	March 31 2017
<b>Opening balance as of April 01</b>	<b>386.92</b>	296.13
Tax expenses during the period recognised in statement of profit and loss	10.67	200.73
Tax (credit) under Minimum Alternate Tax (current year amount pertains to earlier years) (previous year amount includes Rs. 31.04 crore pertaining to earlier years)	(21.92)	(89.61)
Tax credit during the period recognised in OCI	(23.57)	(20.33)
Utilisation of MAT credit entitlement	126.57	-
<b>Closing balance</b>	<b>478.67</b>	386.92

- g) The Company made tax provision as per normal income tax provisions of the Income Tax Act, 1961. Based on this, the Company has made provision of Rs. 383.70 crore (previous year Rs. 82.63 crore under Minimum Alternate Tax provisions as per Section 115JB of the Income Tax Act, 1961) and has recognised MAT credit of Rs. 21.92 crore pertaining to earlier years (previous year Rs. 89.61 crore, which includes Rs. 30.99 crore for the financial year 2013-14 and Rs. 0.05 crore for the financial year 2015-16) as the management believes, in view of improved performance of the Company during the year and better projected future profitability for the Company, it is possible that the MAT credit will be utilized in the future period w.e.f. financial year 2018-19.
- h) The Company has following unutilised MAT credit under the Income Tax Act, 1961 for which deferred tax assets has been recognised in the Balance Sheet at.

Financial Year	Amount (Rs. in Crores)	Year of expiry
2016-17	44.53	2031-32
<b>Total</b>	<b>44.53</b>	

- i) During the year ended March 31, 2018, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity. (refer Note 17.3).

### Note 26 : Revenue from operations

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Sale of products</b>		
Own products	5,667.94	4,434.96
Traded products	133.73	385.48
	<b>5,801.67</b>	4,820.44
<b>Rendering of services</b>	97.36	112.54
<b>Other operating revenue</b>		
Export incentive	10.41	2.43
Recovery of administrative charges (Fly Ash)	4.07	6.71
Sale of scrap / unservicable materials	2.30	1.98
Sale of surplus material	0.78	0.71
	<b>17.56</b>	11.83
<b>Total</b>	<b>5,916.59</b>	4,944.81



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 27 : Other income

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Grant income	81.96	98.85
Interest income*	12.51	31.58
Rent income	11.31	10.39
Gain (adjustment) on decapitalisation of property, plant and equipment (refer Note 4)	10.91	-
Dividend income**	6.57	5.93
Exchange variance gain on monetary items	4.67	-
Excess provision of doubtful debt / expenses written back	0.07	6.18
Energy savings certificate income	-	36.81
Profit on sales of property, plant & equipments (net of losses)	-	18.66
Insurance claim received	9.69	0.38
Miscellaneous income	3.83	16.08
<b>Total</b>	<b>141.52</b>	<b>224.86</b>

\* Including Rs. 7.54 crore (previous year Rs. 7.86 crore) on FVTPL Financial Assets.

\*\* Including Rs. 6.51 crore (previous year Rs. 5.87 crore) on FVTOCI Financial Assets.

### Note 28 : Cost of raw materials and components consumed

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Inventory at the beginning of the year	130.23	69.27
Add : Purchases	2,350.81	1,897.61
	2,481.04	1,966.88
Less : Inventory at the end of the period	97.85	130.23
<b>Total</b>	<b>2,383.19</b>	<b>1,836.65</b>

### Note 29A : Purchase of traded goods

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Purchases of traded goods	45.02	248.59
<b>Total</b>	<b>45.02</b>	<b>248.59</b>

### Note 29B : Purchase of goods and services IT division

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Purchases of goods and services IT division	101.63	104.07
<b>Total</b>	<b>101.63</b>	<b>104.07</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 30 : Changes in inventories of finished goods, work-in-progress and traded goods (Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Inventory at the beginning of the year</b>		
Work-in-progress	21.43	22.81
Finished goods	96.05	97.28
Traded goods	17.80	17.70
	<u>135.28</u>	<u>137.79</u>
<b>Inventory at the end of the year</b>		
Work-in-progress	35.06	21.43
Finished goods	93.97	96.05
Traded goods	3.36	17.80
	<u>132.39</u>	<u>135.28</u>
<b>Total</b>	<u>2.89</u>	<u>2.51</u>

### Note 31 : Employee benefits expense (Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages	303.65	279.00
Contribution to provident and pension fund	31.95	32.01
Contribution and provision towards gratuity (refer Note 41)	9.17	8.79
Employees' welfare expenses	50.19	54.57
<b>Total</b>	<u>394.96</u>	<u>374.37</u>

### Note 32 : Finance costs (Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest on borrowings	88.50	197.56
Interest others	4.88	1.44
Other borrowing costs	3.83	1.51
Bank charges and commission	2.50	2.93
<b>Total</b>	<u>99.71</u>	<u>203.44</u>

### Note 33 : Depreciation and amortization expense (Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation on property, plant and equipment (refer Note 4)	267.49	248.75
Depreciation on investment property (refer Note 5)	0.43	0.43
Amortization on intangible assets (refer Note 6)	2.55	2.26
<b>Total</b>	<u>270.47</u>	<u>251.44</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 34 : Other expenses

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Stores, chemicals and catalysts	69.62	69.01
Packing expenses	90.42	92.81
Insurance	11.90	13.78
Repairs and maintenance :		
- Building	10.95	11.99
- Plant and equipment	134.38	117.70
- Others	4.93	4.64
Materials handling expenses at factory	9.55	9.98
Lease Rent	0.02	-
Outward freight and other charges	104.21	155.28
Sales promotion expenses	7.62	1.81
Selling commission	3.50	0.64
Rates & taxes	7.98	15.12
Rent	8.87	12.50
Printing, stationery, postage, telegrams, telephones and advertisement	7.70	7.45
Traveling and conveyance expenses	5.25	4.12
Fire fighting, safety and security expenses	8.59	7.30
Processing charges to contractors	3.69	2.11
Electricity charges	3.67	3.25
Professional and consultation charges	4.84	6.28
Payment for contract services	13.19	11.85
Exchange variance on monetary items	-	3.60
Loss on sale of property, plant and equipment (net)	1.70	-
Director's fees	0.09	0.05
Payment to auditors (refer Note (a) below)	0.61	0.57
Donations	10.00	-
Contributions towards CSR (refer Note 40)	8.38	6.00
Premium on forward contracts	4.44	4.16
Provision for doubtful debts / advances	4.70	10.63
Provision for contingencies (refer Note 24)	12.66	-
Loss in value of Energy Savings Certificates	36.80	-
Miscellaneous expenses	40.78	17.72
Assets written off	-	0.05
<b>Total</b>	<b>631.04</b>	<b>590.40</b>

(a) Payment to auditors includes following: (Net of Service Tax Input Credit, where applicable)

#### As auditor:

(i) Statutory Audit Fees	0.14	0.10
(ii) Limited review Fees	0.12	0.08

#### In other capacity:

(i) Certification fees	0.19	0.28
(ii) Tax audit fees	-	0.03
(iii) Others	0.14	0.06

#### Reimbursement of Expenses

	0.02	0.02
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 35 : Earning per share

(Rs. in Crores)

Particulars	Unit	Year ended March 31, 2018	Year ended March 31, 2017
Net profit after tax	Rs. in Crore	794.94	528.79
Weighted average number of equity shares of nominal value of Rs. 10 each in calculating basic Earnings Per Share	Nos.	15,54,18,783	15,54,18,783
Basic and diluted earnings per share	Rs.	51.15	34.02

### Note 36 : Contingent liabilities and other commitments (to the extent not provided for)

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>(A) Contingent liabilities</b>		
(i) Claims against the Company not acknowledged as debts	256.97	311.09
(ii) Income tax assessment orders contested	4.99	14.44
(iii) Demands in respect of Central Excise Duty, Custom Duty, Service Tax and VAT as estimated by the Company	235.38	223.90
<b>Total contingent liabilities</b>	<b>497.34</b>	<b>549.43</b>
In respect of the above, the expected outflow will be determined at the time of final resolution of the dispute.		
<b>(B) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)</b>	<b>48.68</b>	<b>29.13</b>
<b>(C) Other commitments</b>		
(i) The Company is committed to grant subordinate debt to Bhavnagar Energy Co. Ltd (BECL) in the manner and in the form as may be finalized by the promoters with BECL	40.64	5.40
(ii) Export obligation on account of benefit of concessional rate of Custom duty availed under EPCG license scheme on imports of capital goods.	41.40	101.28
<b>Total other commitments</b>	<b>82.04</b>	<b>106.68</b>

### Note 37 :Related party disclosures:

Related party disclosures, as required by Ind AS-24, "Related Party Disclosures", are given below:

(i) Related parties with whom transactions have taken place during the period:

<b>Wholly Owned Subsidiary :</b>	Gujarat Ncode Solutions Limited
<b>Associate :</b>	Gujarat Green Revolution Company Limited
<b>Key Management Personnel and their relatives :</b>	Dr J N Singh, IAS, Chairman & Director*
	Dr. Rajiv Kumar Gupta, IAS, Managing Director
	Smt. Mamta Verma, IAS, Director
	Shri G R Aloria, IAS, Chairman & Director <sup>#</sup>
	Shri Anil Mukim, IAS, Director <sup>**</sup>
	Prof. Arvind Sahay, Independent Director
	Shri C S Mani, Independent Director
	Shri Sunil Parekh, Independent Director
	Shri Piruz Khambatta, Independent Director
	Shri V D Nanavaty, Director

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- \* Appointed as chairman w.e.f 31.08.2016  
 \*\* Ceased to be Director w.e.f 07.03.2018  
 # Ceased to be Director & chairman w.e.f 24.08.2016

Entities over which Key Management Personnel having significant influence : EcoPhos GNFC India Private Limited

(ii) Aggregate of transactions for the year with these parties have been given below: (Rs. in Crores)

Name of the Company	Nature of Transactions	Year ended March 31, 2018	Year ended March 31, 2017
Gujarat Green Revolution Co. Ltd.	Sale of goods & services	0.04	0.14
EcoPhos GNFC India Pvt Ltd.	Sale of leasehold land	-	23.20
	Expenses incurred on behalf of Receivable	3.48	1.61
		3.48	0.60
Gujarat Ncode Solution Ltd.	Expenses incurred on behalf of Receivable	0.04	-
		0.04	-

(Amount in Rs.)

Name of the Person	Nature of Transactions	Year ended March 31, 2018	Year ended March 31, 2017
Shri G R Aloria @	Sitting Fees	-	20,000
Dr J N Singh, IAS @	Sitting Fees	45,000	60,000
Shri Anil Mukim, IAS @	Sitting Fees	55,000	20,000
Smt. Mamta Verma, IAS @	Sitting Fees	1,75,000	30,000
Shri C S Mani	Sitting Fees	2,35,000	1,90,000
Prof Arvind Sahay	Sitting Fees	1,00,000	50,000
Shri Sunil Parekh	Sitting Fees	2,35,000	1,30,000
Shri V D Nanavaty	Sitting Fees	40,000	50,000

@ Amount deposited in Government Treasury

### Note 38 : Research and development expenses

The statement of profit and loss includes following items of research & development expenses in the respective heads:

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Personnel expenses	1.37	1.85
Consumables and spares	0.28	0.26
Power and fuel consumption	0.07	0.04
<b>Total research &amp; development expenses</b>	<b>1.72</b>	<b>2.15</b>

### Note 39 : Pursuant to Ind AS-17 - 'Leases', the following information is disclosed:

- (i) The Company has taken various warehouses, godowns, guesthouses and office premises under operating lease or rental agreements. These are generally cancellable having a term of one year extendable for further one year on the discretion of the Company and are of rental nature. Payments are recognised in the statement of profit and loss under Note 34 - Other expenses.
- (ii) Rent income also includes lease rentals received towards office premises. Such operating lease is generally for a period of three to four years. There are no restrictions imposed by lease arrangements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Future minimum lease payments receivables:</b>		
Not later than one years	1.24	- *
<b>Total</b>	<b>1.24</b>	<b>-</b>

\* There were no Non-cancellable lease as at March 31, 2017.

**Note 40 : Corporate social responsibility**

(Rs. in Crores)

Particulars		Year ended March 31, 2018	Year ended March 31, 2017	
a) Gross amount required to be spent by the Company during the year:		3.56	3.36	
b) Amount spent during the year ended on March 31, 2018		In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset		-	-	-
(ii) On purpose other than (i) above		8.38	-	8.38
c) Amount spent during the year ended on March 31, 2017				
(i) Construction/acquisition of any asset		6.00	-	6.00
(ii) On purpose other than (i) above		-	-	-

**Note 41: Gratuity and other post employment benefit plans:****A. Defined contribution plans:**

Amount of Rs. 31.95 Crores (March 31, 2017: Rs. 32.01 Crores) is recognised as expenses and included in note no. 31 "Employee benefit expense"

(Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Provident fund	18.02	17.95
Contributory pension scheme	13.93	14.06
	<b>31.95</b>	<b>32.01</b>

**B. Defined benefit plans:**

The Company has following post employment benefits which are in the nature of defined benefit plans:

- (a) Gratuity
- (b) Post retirement medical benefit

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity as per payment of Gratuity Act, 1972. The Scheme is funded with Gratuity Trust, which in turn makes contribution to Life Insurance Corporation of India (LIC) in the form of qualifying insurance policy for future payment of gratuity to the employees.

Each year the management reviews the level of funding in the gratuity fund. Such review includes the asset - liability matching strategy. The management decides its contributions based on the results of this review. The management aim to keep annual contributions relatively stable at a level such that no plan deficit (based on valuation performed) will arise.

The plan for the Post retirement medical benefit is unfunded.

The following table summarises the components of net benefit expense recognised in statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:



March 31, 2018 : Changes in defined benefit obligation and plan assets

Cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income (OCI)							
April 01, 2017	Service cost	Net interest expense	Sub-total included in statement of profit and loss	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2018
Gratuity											
Defined benefit obligation	198.87	9.22	14.68	23.90	(20.86)	-	25.09	(4.17)	20.92	-	222.83
Fair value of plan assets	199.60	-	14.73	14.73	(20.86)	0.26	-	-	0.26	29.10	222.83
Benefit liability / (Assets)	(0.73)	9.22	(0.05)	9.17	-	(0.26)	25.09	(4.17)	20.66	29.10	-
Post retirement medical benefit											
Defined benefit obligation	22.42	1.12	1.69	2.81	(1.28)	-	14.00	6.20	20.20	-	44.15
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-
Benefit liability / (Assets)	22.42	1.12	1.69	2.81	(1.28)	-	14.00	6.20	20.20	-	44.15

March 31, 2017 : Changes in defined benefit obligation and plan assets

Cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income (OCI)								
April 01, 2016	Service cost	Net interest expense	Sub-total included in statement of profit and loss	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2017	
Gratuity												
Defined benefit obligation	191.54	8.54	15.77	24.31	(19.62)	-	-	9.91	(7.27)	2.64	-	198.87
Fair value of plan assets	188.56	-	15.52	15.52	(19.62)	(0.48)	-	-	-	(0.48)	15.62	199.60
Benefit liability / (Assets)	2.98	8.54	0.25	8.79	-	0.48	-	9.91	(7.27)	3.12	15.62	(0.73)
Post retirement medical benefit												
Defined benefit obligation	15.42	0.87	1.28	2.15	(1.31)	-	-	6.16	-	6.16	-	22.42
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit liability / (Assets)	15.42	0.87	1.28	2.15	(1.31)	-	-	6.16	-	6.16	-	22.42

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

Particulars	March 31, 2018	March 31, 2017
Insurance fund with LIC*	100%	100%

\* As the gratuity fund is managed by LIC, details of fund invested by insurer are not available with the Company.

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

Particulars	Gratuity		Post retirement medical benefit	
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
Discount rate	8.06%	7.38%	8.03%	7.54%
Future salary increase	10% in next year and 6% thereafter	4.00%	N.A	N.A
Medical Inflation Rate	N.A	N.A	5.00%	4.00%
Expected rate of return on plan assets	8.06%	7.38%	N.A.	N.A
Employee Turnover Rate	1.00%	1.00%	1.00%	1.00%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality rate after employment	N.A	N.A	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

A quantitative sensitivity analysis for significant assumption is as shown below: (Rs. in Crores)

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)			
		Gratuity		Post retirement medical benefit	
		Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
Discount rate	1% increase	(13.55)	(11.56)	(5.49)	(2.37)
	1% decrease	15.34	12.98	6.86	2.89
Salary increase	1% increase	15.43	13.30	N.A	N.A
	1% decrease	(13.85)	(12.03)	N.A	N.A
Medical Cost Inflation	1% increase	N.A	N.A	7.01	2.92
	1% decrease	N.A	N.A	(5.68)	(2.40)
Employee turnover	1% increase	2.15	3.10	(1.91)	(1.00)
	1% decrease	(2.42)	(3.43)	2.21	1.18

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The followings are the expected future benefit payments for the defined benefit plan: (Rs. in Crores)

Particulars	Gratuity		Post retirement medical benefit	
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
Within the next 12 months (next annual reporting period)	19.04	20.12	1.42	1.05
Between 2 and 5 years	91.31	79.81	7.73	4.98
Between 6 and 10 years	119.14	105.88	15.40	8.17
<b>Total expected payments</b>	<b>229.49</b>	<b>205.81</b>	<b>24.55</b>	<b>14.20</b>

Weighted average duration of defined plan obligation (based on discounted cash flows) (Years)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Gratuity	8	8
Post retirement benefit obligation	16	14

The followings are the expected contributions to planned assets for the next year: (Rs. in Crores)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Gratuity	12.32	8.50
Post retirement medical benefit	-	-

### NOTE: 42 Investments in Subsidiary and Associates

(a) Details of Subsidiary and Associate company considered in the preparation of the Consolidated financial statements:

Name of Entity	Relationship	Place of Business	Ownership	
			March 31, 2018	March 31, 2017
Gujarat Ncode Solutions Limited	Subsidiary	India	100.00%	-
Gujarat Green Revolution Company Limited	Associate	India	46.87%	46.87%

(b) Additional information as required by paragraph 2 of the 'General instruction for preparation of Consolidated Financial Statements' to schedule III to the Companies Act, 2013:

Particulars	Net Asset (i.e Total Asset - Total Liabilities)		Share of Profit or Loss		Share in other Comprehensive income	
	As % of	Amount	As % of	Amount	As % of	Amount
	consolidated (Rs. In crore) net assets		consolidated (Rs. In crore) profit and loss		consolidated (Rs. In crore) other comprehensive income	

#### Parent

Gujarat Narmada Valley Fertilizers and Chemicals Limited

- Balance as at March 31, 2018	98.66%	4,456.73	99.32%	789.52	100%	(39.60)
- Balance as at March 31, 2017	98.58%	3,800.34	98.58%	521.30	100%	40.17

#### Indian subsidiary

Gujarat Ncode solutions Limited

- Balance as at March 31, 2018	0.00%	(0.04)	(0.01%)	(0.04)	0.00%	Nil
- Balance as at March 31, 2017	0.00%	0.00	0.00%	0.00	0.00%	Nil

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Net Asset (i.e Total Asset - Total Liabilities)		Share of Profit or Loss		Share in other Comprehensive income	
	As % of consolidated (Rs. In crore) net assets	Amount	As % of consolidated (Rs. In crore) profit and loss	Amount	As % of consolidated (Rs. In crore) other comprehensive income	Amount
<b>Indian associate</b>						
Gujarat Green Revolution Company Limited						
- Balance as at March 31, 2018	1.34%	60.35	0.69%	5.46	0.00%	Nil
- Balance as at March 31, 2017	1.42%	54.89	1.42%	7.49	0.00%	Nil
<b>Total</b>						
- Balance as at March 31, 2018	100.00%	4517.04	100.00%	794.94	100.00%	(39.60)
- Balance as at March 31, 2017	100.00%	3855.23	100.00%	528.79	100.00%	40.17

Note: Method of accounting of investments in subsidiary and associate Company is at cost.

### (c) Investment in Associate

The Group has a 46.87% interest in Gujarat Green Revolution Company Limited (GGRCL), which is appointed as a nodal agency by the Government of Gujarat. GGRCL is a public company that is not listed on any public exchange. The Group's interest in GGRCL is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in GGRCL :

Particulars	(Rs. in Crores)	
	As at March 31, 2018	As at March 31, 2017
Current assets	372.26	372.56
Non-current assets	14.75	22.08
Current liabilities	(257.77)	(276.99)
Non-current liabilities	(0.49)	(0.54)
<b>Equity</b>	<b>128.75</b>	<b>117.11</b>
Proportion of the group's ownership	46.87%	46.87%
Carrying amount of the group's investment	60.35	54.89

Particulars	(Rs. in Crores)	
	Year ended March 31, 2018	Year ended March 31, 2017
Revenue	27.55	37.14
Changes in inventories of finished goods	-	(1.26)
Depreciation & amortization	(1.02)	(0.63)
Finance cost	-	(0.02)
Employee benefit	(7.50)	(7.42)
Other expenses	(3.05)	(3.38)
<b>Profit before Tax</b>	<b>15.98</b>	<b>24.43</b>
Income tax expense	(4.91)	(8.46)
<b>Profit for the year</b>	<b>11.07</b>	<b>15.97</b>
Total Comprehensive income for the year	11.07	15.97
<b>Group's share of profit for the year</b>	<b>5.19</b>	<b>7.49</b>
<b>Group's share of other comprehensive income for the year</b>	<b>-</b>	<b>-</b>

### NOTE: 43

The Scheme of Arrangement and Demerger for transfer of V-SAT/ISP Gateway Business of the Company to ING Satcom Ltd., an unlisted Company against cash consideration of Rs. 6 crore, was sanctioned by Hon'ble High Court of Gujarat vide its Common Oral Order dated June 15, 2012.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The "Appointed Date" of the Scheme is 1st April, 2010.

Subsequent to the Order passed by the Hon'ble High Court of Gujarat, sanctioning the Scheme of Demerger, two separate applications for transfer of V-SAT and ISP Gateway Licences standing in the name of the Company to the name of Transferee Company viz. ING Satcom Limited were submitted to Department of Telecommunications (DOT) on January 31, 2013 which are still pending for approval before DOT.

As per the legal opinion obtained from legal consultant, though the Scheme has been sanctioned by the Hon'ble High Court of Gujarat and has become effective, the scheme is subject to and conditional upon the approval of the Government Authorities for transfer of Licences from the Company to ING Satcom Limited.

During the year 2014-15, an agreement-Cum-Indemnity Bond was executed on 12.04.2014 between the Company and ING Satcom Limited whereby, pending transfer of Licences, the assets of demerged business (other than Licences) have been handed over to ING Satcom Limited subject to certain terms and conditions, inter alia, including the terms of settling the transaction under different eventualities of rejection of transfer applications / non-transfer of Licences by 31.12.2014.

Since disposal of applications for transfer of Licences in the name of ING Satcom Limited by the competent authorities as well as settlement of transaction between the Company and ING Satcom Limited are still pending, no accounting treatment is given in the books of account of the Company since 2014-15 till the financial year ended 31.03.2018.

Necessary accounting treatment will be given in the books of accounts of the Company either on disposal of applications for transfer of Licences in the name of ING Satcom Limited by the competent authorities or on finalization of settlement of transaction with ING Satcom Limited. The amount received is classified under other current liabilities (refer Note 23).

### NOTE: 44 - Reversal of impairment provision - Exceptional item

During the year ended March 31, 2015, the Company had accounted an impairment loss of Rs. 330 Crore in respect of Toluene Di-Isocyanate ("TDI") plant at Dahej being a separate Cash Generating Unit ("CGU"), considering the issue of gas emission, teething problem in bringing the plant at effective utilisation level and significantly low realisable value of finished goods.

Consequent to improved international scenario of TDI products over the past two years and forecast of their continuance at substantially higher levels than have prevailed in the past few years and also achievement of sustained production levels, the management had reviewed and reassessed the value in use of the TDI Plant at Dahej.

As the TDI Dahej plant is operating at higher capacity level and due to favourable market conditions, there is a change in assumptions / estimates applied for calculating the impairment loss during FY 2014-15. Based on such assessment, the Company had reversed the amount of Rs. 292.23 crore consisting of impairment loss of Rs. 330 Crore, net off the depreciation for the 2 years (aggregating Rs. 37.77 crores), which would have been otherwise charged, if there was not an impairment loss. The reversal has been disclosed as an exceptional item in the statement of profit and loss for the previous year.

The recoverable amount of the relevant CGU had been determined on the basis of their value in use considering the pre tax discounting rate of 16.98% which is the same as considered in the previous estimate of value in use at the time of impairment provision. Further, the underlying assumption i.e. realisable value of products, exchange rate variation and operating parameters that would impact future cash flows for determining the TDI Plant, value in use, is being continuously monitored on a periodic basis by the Management.

### Note: 45 Segment Information

#### - Operating Segments

The identified reportable segments are Fertilizers, Chemicals and Others in terms of the requirements of Ind AS 108 "Operating Segments" as notified under section 133 of the Companies Act, 2013. Other Segment mainly includes Information Technology division activities and neem product related activities.

#### - Identification of Segments:

The chief operational decision maker monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### - Segment revenue and results:

The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure and unallocable income.

### - Segment assets and liabilities:

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipment, trade receivables, inventory and other operating assets. Segment liabilities primarily include trade payable and other liabilities. Common assets and liabilities which cannot be allocated to any of the business segments are shown as unallocable assets / liabilities.

### - Inter Segment transfer:

Inter Segment revenues are recognised at sales price. The same is based on market price and business risks. Profit or loss on inter segment transfer are eliminated at the Company level.

Summary of segment information is given below:

#### 45.1: Financial information about the primary business segment's Revenue & Results : (Rs. in Crores)

	Fertilizers		Chemicals		Others		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
<b>A REVENUE:</b>								
External sales revenue	1,743.62	1,685.12	3,987.29	3,061.65	185.68	198.04	5,916.59	4,944.81
Intersegment revenue	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>1,743.62</b>	<b>1,685.12</b>	<b>3,987.29</b>	<b>3,061.65</b>	<b>185.68</b>	<b>198.04</b>	<b>5,916.59</b>	<b>4,944.81</b>
<b>B RESULT:</b>								
Segment result	(40.46)	(31.31)	1,335.33	525.66	32.89	43.64	1,327.72	537.99
Reversal of impairment provision (Refer Note 44)	-	-	-	292.23	-	-	-	292.23
Unallocable income							28.27	126.01
Unallocable expenses							(94.35)	(37.74)
Operating profit							1,261.64	918.49
Finance costs							(99.71)	(203.44)
<b>Profit before tax</b>							<b>1,161.93</b>	<b>715.05</b>

#### 45.2: Financial information about the primary business segment's assets and liabilities : (Rs. in Crores)

	Fertilizers As At		Chemicals As. At		Others As At		Total As At	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
Segment assets	2,481.23	2,976.38	2,823.20	3,053.32	240.79	214.44	5,545.22	6,244.14
Segment liabilities	(1,180.95)	(1,223.72)	(287.34)	(255.73)	(150.42)	(100.12)	(1,618.71)	(1,579.57)
Other unallocable corporate assets	-	-	-	-	-	-	1,687.14	1,712.05
Other unallocable corporate liabilities	-	-	-	-	-	-	(1,096.61)	(2,521.39)
<b>Total capital employed</b>	<b>1,300.28</b>	<b>1,752.66</b>	<b>2,535.86</b>	<b>2,797.59</b>	<b>90.37</b>	<b>114.32</b>	<b>4,517.04</b>	<b>3,855.23</b>
<b>Capital assets / expenditure incurred during the year:</b>								
Capital assets including capital work in progress	1.58	2.82	19.03	12.52	0.86	0.98	21.47	16.32
Other unallocable capital expenditures	-	-	-	-	-	-	13.10	12.16
<b>Total</b>	<b>1.58</b>	<b>2.82</b>	<b>19.03</b>	<b>12.52</b>	<b>0.86</b>	<b>0.98</b>	<b>34.57</b>	<b>28.48</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note: 46 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below.

(Rs. in Crores)

Particulars	FVTOCI Reserve		Retained Earnings		Total	
	Year Ended March 31, 2018	Year Ended March 31, 2017	Year Ended March 31, 2018	Year Ended March 31, 2017	Year Ended March 31, 2018	Year Ended March 31, 2017
Re-measurement losses on defined benefit plans (net of tax)	-	-	(26.72)	(6.07)	(26.72)	(6.07)
Net (loss) / gain on FVTOCI on equity Investments (net of tax)	(12.88)	46.24	-	-	(12.88)	46.24
	<u>(12.88)</u>	<u>46.24</u>	<u>(26.72)</u>	<u>(6.07)</u>	<u>(39.60)</u>	<u>40.17</u>

### Note 47 : Details of hedged and unhedged exposure in foreign currency denominated monetary items :

#### (a) Exposure in foreign currency - Hedged

##### (i) Amounts Payable in Foreign Currency :

Particulars	Hedged against	As at March 31, 2018		As at March 31, 2017	
		Rs. in Crore	Amount in FC	Rs. in Crore	Amount in FC
External Commercial Borrowings	Forward Contract	74.30	Euro 92,16,554	89.33	Euro 1,29,00,000
Buyers credit	Forward Contract	65.77	USD 1,01,12,027	129.93	USD 2,00,38,832
Interest accrued but not due	Forward Contract	0.29	USD 44,816	0.41	USD 63,205
Payables for import	Forward Contract	53.52	USD 81,95,742	23.04	USD 35,35,000
Payables for PCFC Export Credit		6.66	USD 10,23,944	-	-
Interest accrued but not due in External Commercial Borrowings	Interest rate swaps	0.53	Euro 65,180	0.87	Euro 1,25,958

##### (ii) Interest rate swaps :

Particulars	As at March 31, 2018		As at March 31, 2017	
	Notional amount Rs. In Crore	Notional Amount in FC	Notional amount Rs. In Crore	Notional Amount in FC
Hedge against exposure to variable interest outflow on loan. Swap to pay fixed interest @ ranging from 9.52% p.a. to 9.74% p.a. and receive a variable interest @ 6 month EURIBOR plus 1.98% on notional amount	75.37	Euro 92,16,554	87.92	Euro 1,29,00,000

#### (b) Exposure in foreign currency - Unhedged

##### (i) Amounts payable in foreign currency :

Particulars	As at March 31, 2018		As at March 31, 2017	
	Rs. in Crore	Amount in FC	Rs. in Crore	Amount in FC
Payables for Import	66.70	Euro 81,85,587	32.32	Euro 46,29,387
Payables for Import	15.92	USD 24,38,731	0.13	USD 20,596
Payables for Import	0.38	SEK 4,77,384	-	SEK -
Payables for Import	0.01	GBP 947	0.01	GBP 1,315
Payables for Import	0.00*	CHF 217	0.35	CHF 54,213

\* Amount nullified on conversion to Rs in Crores

##### (ii) Amounts receivable in foreign currency :

Particulars	As at March 31, 2018		As at March 31, 2017	
	Rs. in Crore	Amount in FC	Rs. in Crore	Amount in FC
Receivables for export	59.65	USD 91,70,040	3.28	USD 5,05,200

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 48 : Financial Instruments, Fair Value Measurements, Financial Risk and Capital Management

#### 48.1 Category-wise classification of financial instruments:

(Rs. in Crores)

Particulars	Refer Note	As at March 31, 2018			
		Fair Value through other Comprehensive income	Fair Value through profit or loss	Amortised cost	Carrying Value
<b>Financial assets</b>					
Cash and cash equivalents	13	-	-	6.15	6.14
Other bank balances	14	-	-	10.01	10.01
Investments in equity shares (other than investment in associate entity)	7	724.74	-	-	724.74
Investments in unquoted equity shares of associate entity	7	-	-	60.35	60.35
Trade receivables	10	-	-	1,120.08	1,120.08
Loans and advances	8	-	91.17	-	91.17
Derivatives instruments not designated as hedge	9	-	-	1.47	1.47
Other financial assets	9	-	-	41.70	41.70
<b>Total</b>		<b>724.74</b>	<b>91.17</b>	<b>1,239.76</b>	<b>2,055.67</b>
<b>Financial liabilities</b>					
Borrowings (including current maturities)	18 & 20	-	-	303.03	303.03
Trade payables	19	-	-	431.47	431.47
Other Financial Liabilities	20	-	-	94.37	94.37
<b>Total</b>		<b>-</b>	<b>-</b>	<b>828.87</b>	<b>828.87</b>

(Rs. in Crores)

Particulars	Refer Note	As at March 31, 2017			
		Fair Value through other Comprehensive income	Fair Value through profit or loss	Amortised cost	Carrying Value
<b>Financial assets</b>					
Cash and cash equivalents	13	-	-	4.10	4.10
Other bank balances	14	-	-	8.41	8.41
Investments in equity shares (other than investment in associate entity)	7	761.19	-	-	761.19
Investments in unquoted equity shares of associate entity	7	-	-	54.89	54.89
Trade receivables	10	-	-	1,111.53	1,111.53
Loans and advances	8	-	94.43	-	94.43
Other financial assets	9	-	-	394.23	394.23
<b>Total</b>		<b>761.19</b>	<b>94.43</b>	<b>1,573.16</b>	<b>2,428.78</b>
<b>Financial liabilities</b>					
Borrowings (including current maturities)	18 & 20	-	-	1,958.92	1,958.92
Trade payables	19	-	-	340.11	340.11
Derivatives instruments not designated as hedge	20	-	6.65	-	6.65
Other Financial Liabilities	20	-	-	80.97	80.97
<b>Total</b>		<b>-</b>	<b>6.65</b>	<b>2,380.00</b>	<b>2,386.65</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 48.2 Fair value measurements:

#### a) Quantitative disclosures of fair value measurement hierarchy for financial assets and financial liabilities

The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities:

(Rs. in Crores)

Particulars	As at March 31, 2018				As at March 31, 2017			
	Significant observable inputs (Level 1*)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)	Total	Significant observable inputs (Level 1*)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)	Total
<b>Financial assets measured at fair value</b>								
Investment in quoted equity investments measured at FVTOCI (refer Note 7)	364.56	-	-	364.56	303.32	-	-	303.32
Investment in unquoted equity investments measured at FVTOCI (refer Note 7)	-	-	360.18	360.18	-	-	457.87	457.87
Loans and advances (refer Note 8)	-	-	91.17	91.17	-	-	94.43	94.43
Derivative instruments (refer Note 9)	-	1.47	-	1.47	-	-	-	-
<b>Total</b>	<b>364.56</b>	<b>1.47</b>	<b>451.35</b>	<b>817.38</b>	<b>303.32</b>	<b>-</b>	<b>552.30</b>	<b>855.62</b>
<b>Financial liabilities measured at fair value</b>								
Derivative instruments (refer Note 20)	-	-	-	-	-	6.65	-	6.65
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.65</b>	<b>-</b>	<b>6.65</b>
<b>Asset for which fair values are disclosed</b>								
Investment properties (refer Note 5)	-	-	57.61	57.61	-	-	60.05	60.05

\*The fair value of the quoted equity investments are derived from quoted market prices in active market.

#### b) Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2018 and March 31, 2017 are as shown below:

Particulars	Valuation Technique	Significant unobservable input	Range (weighted average)	Sensitivity of the input to fair value
FVTOCI assets in unquoted equity shares (Gujarat State Petroleum Corporation Limited)	Discounted free cash flow method	Gas trading margin	10% increase (decrease) in the Gas trading margin would result in increase / (decrease) in fair value as of March 31, 2018 : Rs. 6.08 crore (Rs. 6.13 crore). {Decreasing the Gas trading margin by 25% would change the fair value by Rs. 18.43 crore as at 31.03.2017.}	
FVTOCI assets in unquoted equity shares (Gujarat Chemical Port Terminal Company Limited)	Market Approach - Comparable companies	Market Multiple Discount	31 March 2018 : 15% - 25% (20%) 31 March 2017 : 17.50% - 22.50% (20%)	5% increase (decrease) in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2018 : Rs. 18.40 crore (Rs. 18.21 crore) {2.5% increase (decrease) in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2017 : Rs. 9.75 crore (Rs. 9.75 crore)}
		EBITDA (Rs. Crores)	31 March 2018 : Rs 197.18 crores - Rs. 217.94 crores (Rs.207.56 crores) 31 March 2017 : Rs 207.90 crores - Rs. 218.50 crores (Rs.213.20 crores)	Rs. 10.38 crore increase (decrease) in the EBITDA would result in increase (decrease) in fair value as of March 31, 2018 : Rs. 14.53 crore (Rs. 14.72 crore) {Rs. 5.30 crore increase (decrease) in the EBITDA would result in increase (decrease) in fair value as of March 31, 2017 : Rs. 7.91 crore (Rs. 7.91 crore)}

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Valuation Technique	Significant unobservable input	Range (weighted average)	Sensitivity of the input to fair value
FVTOCI assets in unquoted equity shares (Bhavnagar Energy Company Limited)	Net asset value	Discount to Book Value	31 March 2018 : 15% - 25% (20%) 31 March 2017 : 20% - 30% (25%)	5% increase (decrease) in the discount to book value would result in decrease (increase) in fair value as of March 31, 2018 : Rs. 1.53 crore (Rs. 1.53 crore) {As of March 31, 2017 : Rs. 2.41 crore (Rs. 2.46 Crore)}.
		Share holders fund (Rs. Crores)	31 March 2018: - 31 March 2017 : Rs 791.20 crores - Rs. 874.50 crores (Rs. 832.85 crores)	As of March 31, 2018 this unobservable input is not used for valuation. Rs. 41.65 crore increase (decrease) in the shareholders fund would result in increase (decrease) in fair value as of March 31, 2017 by Rs. 1.82 crore (Rs. 1.82 crore)
FVTOCI assets in unquoted equity shares (Gujarat Venture Finance Limited)	Net asset value	Share holders fund (Rs. Crores)	31 March 2018 : Rs 16.10 crores - Rs. 17.80 crores (Rs. 17 crores) 31 March 2017 : Rs 14.50 crores - Rs. 16.00 crores (Rs. 15.25 crores)	Rs. 0.80 crore increase (decrease) in the shareholders fund would result in increase (decrease) in fair value as of March 31, 2018 by Rs. 0.01 crore (Rs. 0.01 crore) {Rs. 0.75 crore increase (decrease) in the shareholders fund would result in increase (decrease) in fair value as of March 31, 2017 by Rs. 0.01 crore (Rs. 0.01 crore)}
		Discount to Book Value	31 March 2018 : 15% - 25% (20%) 31 March 2017 : 15% - 25% (20%)	5% increase (decrease) in the discount to book value would result in decrease (increase) in fair value as of March 31, 2018 : Rs. 0.02 crore (Rs. 0.02 crore) {as of March 31, 2017 by Rs. 0.01 crore (Rs. 0.01 crore)}
FVTOCI assets in unquoted equity shares (Bharuch Enviro Infrastructure Limited)	Market Approach - Comparable companies	Market Multiple Discount	31 March 2018 : 15% - 25% (20%) 31 March 2017 : 17.50% - 22.50% (20%)	5% increase (decrease) in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2018 : Rs. 0.32 crore (Rs. 0.32 crore) {2.5% increase (decrease) in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2017 : Rs. 0.12 crore (Rs. 0.12 crore)}
		Consolidated PAT (Rs. Crores)	31 March 2018 : Rs 25.30 crores - Rs. 28.10 crores (Rs. 26.70 crores) 31 March 2017 : Rs 24.00 crores - Rs. 25.20 crores (Rs. 24.60 crores)	Rs. 1.40 crore increase (decrease) in the consolidated PAT would result in increase (decrease) in fair value as of March 31, 2018 : Rs. 0.26 crore (Rs. 0.26 crore) {Rs. 0.60 crore increase (decrease) in the consolidated PAT would result in increase (decrease) in fair value as of March 31, 2017 : Rs. 0.09 crore (Rs. 0.09 crore)}
FVTOCI assets in unquoted equity shares (Bharuch Dahej Railway Company Limited)	Market Approach - Comparable companies	Market Multiple Discount	31 March 2018 : -5% - +5% (0%) 31 March 2017 : 22.50% - 27.50% (25%)	5% increase (decrease) in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2018 : Rs. 1.76 crore (Rs. 1.76 crore) {2.5% increase (decrease) in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2017 : Rs. 1.18 crore (Rs. 1.18 crore)}
		EBITDA (Rs. Crores)	31 March 2018 : Rs 28.60 crores - Rs. 31.60 crores (Rs.30.10 crores) 31 March 2017 : Rs 39.10 crores - Rs. 41.10 crores (Rs.40.10 crores)	Rs. 1.50 crore increase (decrease) in the EBITDA would result in increase (decrease) in fair value as of March 31, 2018 : Rs. 1.15 crore (Rs. 1.15 crore) {Rs. 1.00 crore increase (decrease) in the EBITDA would result in increase (decrease) in fair value as of March 31, 2017 : Rs. 0.88 crore (Rs. 0.88 crore) }
FVTOCI assets in unquoted equity shares (Ecophos GNFC India Private Limited)	Net Asset Value	Share holders fund (Rs. Crores)	31 March 2018 : Rs 8.66 crores - Rs. 9.57 crores (Rs. 9.12 crores)	Rs. 0.46 crore increase (decrease) in the shareholders fund would result in increase (decrease) in fair value as of March 31, 2018 by Rs. 0.56 crore (Rs. 0.56 crore) {as of March 31, 2017 the investee company was in start up phase, hence sensitivity impact is immaterial}
		Discount to Book Value	31 March 2018 : 15% - 25% (20%)	5% increase (decrease) in the discount to book value would result in decrease (increase) in fair value as of March 31, 2018 : Rs. 0.56 crore (Rs. 0.56 crore) {as of March 31, 2017 the investee company was in start up phase, hence sensitivity impact is immaterial}

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### c) Financial Instrument measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

### 48.3 Financial Risk objective and policies:

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, investments, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group also holds FVTOCI investments and enters into derivative transactions.

In the ordinary course of business, the Group is mainly exposed to risks resulting from exchange rate fluctuation (currency risk), interest rate movements (interest rate risk) collectively referred as Market Risk, Credit Risk, Liquidity Risk and other price risks such as equity price risk. The Group's senior management oversees the management of these risks. It manages its exposure to these risks through derivative financial instruments by hedging transactions as required. It uses derivative instruments such as interest rate swaps and foreign currency forward contract to manage these risks. These derivative instruments reduce the impact of both favourable and unfavourable fluctuations.

The Group's risk management activities are subject to the management, direction and control of the management of the Group under the guideline of the Board of Directors of the Group. The management ensures appropriate financial risk governance framework for the Group through appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

The decision of whether and when to execute derivative financial instruments along with its tenure can vary from period to period depending on market conditions and the relative costs of the instruments. The tenure is linked to the timing of the underlying exposure, with the connection between the two being regularly monitored. The Group is exposed to losses in the event of non-performance by the counterparties to the derivative contracts. All derivative contracts are executed with counterparties that, in management's judgment, are creditworthy. The outstanding derivatives are reviewed periodically to ensure that there is no inappropriate concentration of outstanding to any particular counterparty.

Further, all currency and interest risk as identified above is measured on a daily basis by monitoring the mark to market (MTM) of open and hedged position. The MTM is derived basis underlying market curves on closing basis of relevant instrument quoted on Bloomberg/Reuters. For year ends, the MTM for each derivative instrument outstanding is obtained from respective banks. All gain / loss arising from MTM for open derivative contracts and gain / loss on settlement / cancellation / roll over of derivative contracts is recorded in statement of profit and loss.

### a) 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. Financial instruments affected by market risk include loans and borrowings, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2018 and March 31, 2017.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant as at March 31, 2018. The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions.

The following assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**(i) Interest rate risk**

The Group is exposed to changes in market interest rates due to financing, investing and cash management activities. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates and period of borrowings. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group enters into interest rate swap contracts or interest rate future contracts to manage its exposure to changes in the underlying benchmark interest rates.

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Group's profit for the year ended March 31, 2018 would decrease / increase by Rs. Nil (previous year Rs. 7.99 crore). This is mainly attributable to interest rates on variable rate long term borrowings.

**(ii) Foreign currency risk**

Exchange rate movements, particularly the United States Dollar (USD) and Euro (EUR) against Indian Rupee (INR), have an impact on the Group's operating results. The Group manages its foreign currency risk by entering into currency swap for converting INR loan into other foreign currency for taking advantage of lower cost of borrowing in stable currency environment. The Group also enters into various foreign exchange contracts to mitigate the risk arising out of foreign exchange rate movement on foreign currency borrowings or trade payables. Further, to hedge foreign currency future transactions in respect of which firm commitment are made or which are highly probable forecast transactions (for instance, foreign exchange denominated income) the Group has entered into foreign currency forward contracts as per the policy of the Group.

The details of exposures hedged using forward exchange contracts are given as a part of Note 48 and the details of unhedged exposures are given as part of Note 47

The Group is mainly exposed to changes in USD and EURO. The below table demonstrates the sensitivity to a 5% increase or decrease in the respective foreign currency rates against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Group as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

(Rs. in Crores)

Particulars	Impact on Profit before tax		Impact on Pre-tax Equity	
	For the year ended		For the year ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>USD Sensitivity</b>				
RUPEES / USD – Increase by 5%	(3.76)	(7.69)	(3.76)	(7.69)
RUPEES / USD – Decrease by 5%	3.76	7.69	3.76	7.69
<b>EURO Sensitivity</b>				
RUPEES / EURO – Increase by 5%	(3.33)	(4.52)	(3.33)	(4.52)
RUPEES / EURO – Decrease by 5%	3.33	4.52	3.33	4.52

**(III) Commodity price risk**

The Group's operating activities require the ongoing purchase of natural gas. Natural gas being an international commodity is subject to price fluctuation on account of the change in the crude oil prices, demand supply pattern of natural gas and exchange rate fluctuations. The Group is not affected by the price volatility of the natural gas to the extent consumed for Urea as under the Urea pricing formula the cost of natural gas is pass through if the consumption of natural gas is within the permissible norm for manufacturing of Urea.



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The Group also deals in purchase of other feed stock materials (i.e Rock phosphate, and Denatured Ethyl Alcohol) which are imported by the Group and used in the manufacturing of Ammonium Nitro Phosphate and Ethyl Acetate. The import prices of these materials are governed by international demand and supply pattern. There is a price and material availability risk, which is managed by senior management team through sensitivity analysis, commodity price tracking.

### (iv) Equity price risk

The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was Rs. 360.18 crore. Sensitivity analyses of these investments have been provided in Note 48.2(b).

At the reporting date, the exposure to listed equity securities at fair value was Rs. 364.56 crore. A decrease of 5% on the BSE market price could have an impact of approximately Rs. 18.23 crore on the OCI or equity attributable to the Group. An increase of 5% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

### b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and other financial assets) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive evaluation and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data.

Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's management. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

### Trade Receivables

The Group's receivables can be classified into two categories, one is from the customers/ dealers in the market and second one is from the central and state Government in the form of subsidy. As far as Government portion of receivables is concerned, credit risk is Nil. In respect of market receivables from the customers/ dealers, the Group extends credit to customers in normal course of business. The Group considers factors such as credit track record in the market and past dealings for extensions of credit to customers. The Group monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Group evaluates the concentration of risk with respect to trade receivables as for certain products it extends rolling credit to its customers, against the collateral.

The Group follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables, other than those receivables from the Government of India. For the purpose of measuring lifetime ECL allowance for trade receivables, the Group estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience in respect of certain categories of the customers. Individual trade receivables are written off when management deems them not to be collectible

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### c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages the liquidity risk by maintaining adequate funds in cash and bank balances. The Group also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyses derivative and non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(Rs. in Crores)						
Particulars	Refer Note	On Demand	Less than 1 year	1 to 5 years	Over 5 years	Total
<b>As at March 31, 2018</b>						
Borrowings (including current maturities)	18 & 20	105.91	197.12	-	-	303.03
Trade payables	19	-	431.47	-	-	431.47
Other financial liabilities	20	-	94.37	-	-	94.37
<b>Total</b>		<b>105.91</b>	<b>722.96</b>	<b>-</b>	<b>-</b>	<b>828.87</b>
<b>As at March 31, 2017</b>						
Borrowings (including current maturities)	18 & 20	571.89	853.62	533.41	-	1,958.92
Trade payables	19	-	340.11	-	-	340.11
Derivatives Instruments not designated as hedge	20	-	6.65	-	-	6.65
Other financial liabilities	20	-	80.97	-	-	80.97
<b>Total</b>		<b>571.89</b>	<b>1,281.35</b>	<b>533.41</b>	<b>-</b>	<b>2,386.65</b>

### 48.4 Capital management

'For the purposes of the Group's capital management, capital includes issued capital and all other equity. The primary objective of the Group's capital management is to maximize shareholder value. The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

'The Group monitors capital using gearing ratio, which is net debt (total debt less cash and bank balance) divided by total capital plus net debt.

(Rs. in Corers)		
Particulars	March 31, 2018	March 31, 2017
Total Borrowings (refer Note 18 and 20)	303.03	1,958.92
Less: Cash and bank balances (refer Note 13 and 14)	16.16	12.51
<b>Net Debt (A)</b>	<b>286.87</b>	<b>1,946.41</b>
<b>Total Equity (B)</b>	<b>4,517.04</b>	<b>3,855.23</b>
<b>Total Equity and Net Debt (C = A + B)</b>	<b>4,803.91</b>	<b>5,801.64</b>
<b>Gearing ratio</b>	<b>6%</b>	<b>34%</b>

During the year, the Group has repaid its borrowings of Rs. 471 crore before the maturity date to achieve the objective of better capital management.

'In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it 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

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been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

### Note 49 : Standards Issued but not yet effective

'The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

#### (a) Ind AS 115 Revenue from Contracts with Customers

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Group expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Group. Ind AS 115 is effective for the Group in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Group continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Group's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Group has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

Upon adoption the Group expects there to be a change in the manner that variable consideration in certain revenue arrangements is recognized from the current practice of recognizing such revenue as the services are performed and the variable consideration is earned to estimating the achievability of the variable conditions when the Group begins delivering services and recognizing that amount over the contractual period. The Group also expects a change in the manner that it recognizes certain incremental and fulfilment costs from expensing them as incurred to deferring and recognizing them over the contractual period. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

#### (b) Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 1, 2018. These amendments are not expected to have any impact on the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

#### (c) Amendments to Ind AS 40 – Transfer of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

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Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after April 1, 2018. The Group will apply amendments when they become effective. However, since Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its financial statements.

### (d) Amendments to Ind AS 28 - Investments in Associates and Joint Ventures:

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 April 2018. These amendments are not applicable to the Group.

### (e) Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after April 1, 2018. However, since the Group's current practice is in line with the Interpretation, the Group does not expect any effect on its financial statements.

### Note 50 : Event occurred after the Balance Sheet Date:

'The Group evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of April 23, 2018, there were no material subsequent events to be recognized or reported that are not already previously disclosed.

For and on behalf of the Board of Directors,

**D. V. Parikh**  
General Manager & CFO

**T. J. Lakhmapurkar**  
Company Secretary

**Dr. Rajiv Kumar Gupta**  
Managing Director

**Dr. J. N. Singh**  
Chairman

Place : Gandhinagar  
Date : April 23, 2018

AS PER OUR REPORT OF EVEN DATE  
For **S R B C & CO LLP**  
Chartered Accountants  
(Firm Registration No.: 324982E/E300003)  
**per Sukrut Mehta**  
Partner  
Membership No. 101974

Place : Ahmedabad  
Date: April 23, 2018

## ANNEXURE TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Form AOC- I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

### Part "A": Subsidiaries

#### Statement pursuant to Section 129(3) of the companies Act, 2013 related to Subsidiary Company

1	Name of Subsidiary	Gujarat Ncode Solutions Limited
2	Date since when subsidiary was aquired	06-04-2017
3	Reporting Currency	INR
4	Share Capital	1,00,000
5	Other Equity	-3,75,305
6	Total Assets	1,00,000
7	Total Liabilities	3,75,305
8	Investments	NIL
9	Revenue From Operations	NIL
10	Profit Before Taxation	-3,75,305
11	Provision for Taxation	NII
12	Profir after Taxation	-3,75,305
13	Other Comprehensive Income	NIL
14	Total Comprehensive Income	-3,75,305
15	Proposed Dividend	NIL
16	Extent of shareholding	100%

1	Name of Subsidiaries which are yet to commence Operation	NII
2	Names of Subsidiaries which have been liquidated or sold during the year	Nil

**PART "B": Associates and Joint Ventures**
**Statement pursuant to Section 129(3) of the companies Act, 2013 related to Associate Company**

	<b>Name of Associates</b>	<b>Gujarat Green Revolution Company Limited</b>
1	Latest audited Balance Sheet Date	31-03-2017
2	Shares of Associates held by the company on the year end	
	No.	12,50,000
	Amount of Investment in Associates (Rs.)	1,25,00,000
	Extent of Holding %	46.87%
3	Description of how there is significant influence	Holding more than 20% of the total capital
4	Reason why the Associate is not consolidated	Not Applicable
5	(i) Networth attributable to shareholding as per latest audited Balance Sheet as on 31-03-2017 (Rs.)	55,23,67,406
	(ii) Networth attributable to shareholding as per latest unaudited Balance Sheet as on 31-03-2018 (Rs.)	60,34,96,342
6	Unaudited Profit / (Loss) for the FY 2017-18 (Rs.)	11,06,88,272
	i. Considered in Consolidation (Rs.)	5,46,12,172
	ii. Not Considered in Consolidation (Rs.)	-
1	Name of Associates which are yet to commence Operation	Nil
2	Names of Associates which have been liquidated or sold during the year	Nil

**For and on behalf of the Board of Directors,**

**D. V. Parikh**  
General Manager & CFO

**T. J. Lakmapurkar**  
Company Secretary

**Dr. Rajiv Kumar Gupta**  
Managing Director

**Dr. J. N. Singh**  
Chairman

Place : Gandhinagar  
Date : April 23, 2018



**GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED**

Regd. Office: P.O: NARMADANAGAR - 392 015, DIST. BHARUCH, GUJARAT

CIN: L24110GJ1976PLC002903, Tele Nos. (02642) 247001, 247002

Fax No. (02642) 247084; E-mail: investor@gnfc.in, Website: www.gnfc.in

**Form No. MGT - 11****PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s) :	
Registered Address :	
E-mail ID :	
Folio No / DP ID / Client ID :	

I / We, being the Member(s) holding \_\_\_\_\_ shares of the above named company, hereby appoint;

- |            |           |                        |
|------------|-----------|------------------------|
| (1) Name : | Address   |                        |
| E-mail Id  | Signature | or failing him / her ; |
| (2) Name : | Address   |                        |
| E-mail Id  | Signature | or failing him / her ; |
| (3) Name : | Address   |                        |
| E-mail Id  | Signature |                        |

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the **42nd Annual General Meeting** of the Company, to be held on **Saturday, the 29th September, 2018 at 11:00 AM** at Open Air Theatre, Sports Complex, Narmadanagar Township, P.O Narmadanagar - 392 015, Dist. Bharuch and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	For *	Against*
	<b>ORDINARY BUSINESS</b>		
1	Adoption of Audited Standalone Financial Statements and Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2018 and the Reports of Board of Directors and Auditors thereon.		
2	Declaration of dividend on equity shares for the financial year ended 31st March, 2018		
3	Re-appointment of Shri V. D. Nanavaty, (DIN : 07431075) as Director, who retires by rotation.		
	<b>SPECIAL BUSINESS</b>		
4	Re-appointment of Dr. Rajiv Kumar Gupta, IAS, (DIN : 03575316) as Managing Director of the Company for a period from 2.05.2018 to 15.07.2018.		
5	Appointment of Shri M. S. Dagur (DIN : 01622222) as Managing Director of the Company.		
6	Re-appointment of Shri Sunil Parekh (DIN : 06992456) as an Independent Director of the Company.		
7	Re-appointment of Shri Piruz Khambatta (DIN : 00502565) as an Independent Director of the Company.		
8	Ratification of remuneration payable to Cost Auditors of the Company for the financial year 2018-19.		

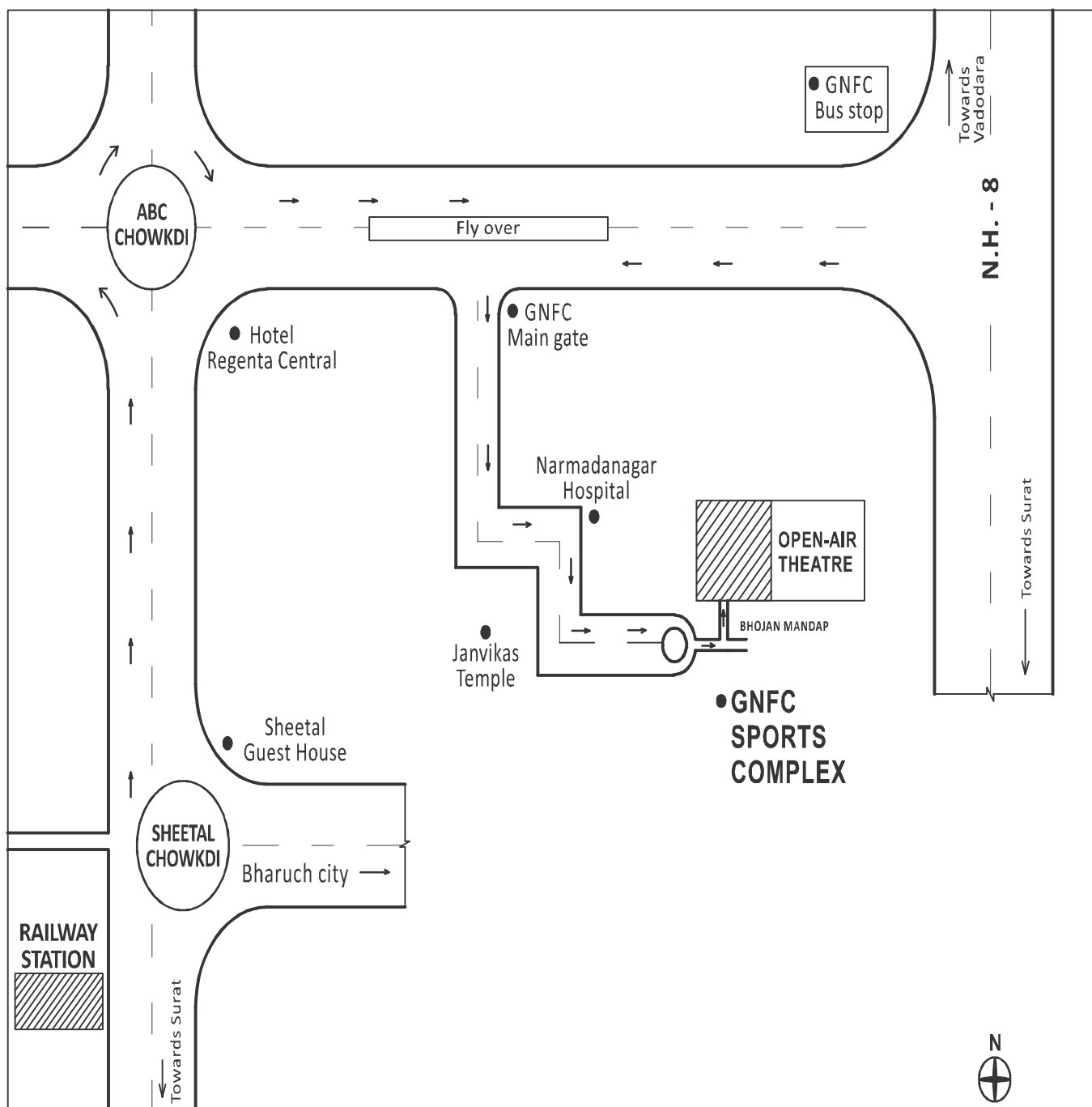
Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Signature of Shareholder \_\_\_\_\_ Signature of Proxy holder(s) \_\_\_\_\_

Affix  
Revenue  
Stamp  
Re. 1/-**Notes :**

- This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting. A proxy need not be a member of the Company.
- For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 42nd Annual General Meeting.
- \* It is optional to put a "X" in the appropriate column against the Resolutions indicated in the Box. If you leave the "For" or "Against" column blank against any or all the Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Please complete all details including details of Member(s) in above box before submission.

**ROUTE MAP TO THE VENUE OF 42ND AGM**



### FOR SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM ONLY

To,  
Investor Service Centre  
Secretarial & Legal Department  
Gujarat Narmada Valley Fertilizers & Chemicals Limited  
P.O. Narmadanagar - 392015,  
Dist. Bharuch, Gujarat

Registered Folio No.: 

#### Bank Mandate Form for furnishing Bank Account details

Dear Sir,

I / We, provide hereunder our Bank Account details, PAN No., E-mail ID, etc. in pursuance of guidelines issued by SEBI vide its circular dated 20-04-2018.

I / We, hereby also authorize the Company to credit my / our dividend amount directly to my Bank Account as per details furnished below by Electronic Clearing Service / RTGS / NEFT. In absence of ECS facility, please print my bank account details on the dividend warrant that may be issued / sent to me.

1	Name of Bank																
2	Address of Bank (with Pin Code Number)																
3	Bank A/C Number																
4	09 Digit MICR Code Number (Attach original cancelled cheque leaf)																
5	IFSC Code Number																
6	Permanent Account No. (PAN) (Attach copy of PAN)																
7	E-mail ID																
8	Phone / Mobile No.																

I / We, shall not hold the Company responsible if the ECS Mandate cannot be implemented for reasons beyond the control of the Company.

Date :

Place :

Signature of Shareholder (s)

Name :

Address :

#### NOTE:

Please attach original cancelled cheque of your bank account and copy of PAN Card with this form and send to the above mentioned address.

## NOTES

# INDUSTRIAL PRODUCTS PROFILE



SR. NO.	PRODUCT(S)	APPLICATION(S)
1	TDI (Toluene Di- Isocyanate)	Flexible Polyurethane Foam, Furniture Cushion, Industrial Gaskets, Protective pads for Sports & Medical Use, Automobiles: Seats, Furniture, Lining, Sun visors
2	Aniline	Acetanilide, Antioxidants, Herbicides, Pigments, Rubber Chemicals: Vulcanizing Agents, Photographic Chemicals: Hydroquinone, Pharmaceutical; Isocyanates: MDI
3	Acetic Acid (Glacial)	Acetic Anhydride, Vinyl Acetate Monomer(VAM), Purified Terephthalic Acid(PTA), Monochloro Acetic Acid, Acetates, Dyes & Dye Intermediates
4	Ethyl Acetate	Solvent in Printing Inks, Paints and Coating, Laminates, Flexible, Packaging, Aluminium Foil, Pesticides, Flavour in Pharmaceuticals, Varnishes, Synthetic Fruit Essence, Perfumes, Photographic Films and Plates, Adhesives and Pharmaceuticals
5	Nitrobenzene	Aniline, Antioxidants, Herbicides, Pigments, Rubber Chemicals: Vulcanizing Agents, Photographic Chemicals: Hydroquinone.
6	Formic acid	Coagulant for obtaining rubber from latex, Fixing of dyes in leather industry, Pesticides, Vulcanization Accelerators, Electroplating, Construction Chemicals
7	Methyl Formate	Dimethyl Formamide(DMF), Formic Acid, Pharmaceuticals, Metal Foundries, Fumigant & Larvicide for Tobacco, Formulations of Synthetic Flavors
8	Concentrated Nitric Acid (CNA)	Nitrobenzene, Aniline, TDI, Dyestuff & Dye Intermediates, Explosives
9	Weak Nitric Acid (WNA)	Nitrobenzene, CNA, Aniline, TDI, Dyestuff & Dye Intermediates, Explosives
10	Ammonium Nitrate (Melt)	Explosives, Fertilizers like CAN & ANP, Pharmaceuticals, Pyrotechnics, Herbicides & Insecticides
11	Methanol	Acetic Acid, Formaldehyde, Chloromethane, Pesticides, Methyl Amines, Paints, Insecticides
12	Neem Oil	Coating of Urea, Pesticides, Cosmetics, Medicine
13	Technical Grade Urea	Cattle feed, Pigments, Dyes

## OTHER PRODUCTS

1	Calcium Carbonate	In Cattle feed, Water treatment, Neutralization of Acidic Effluent
2	Dilute Sulfuric Acid	Ferric Alum, Fertilizer, Textile
3	Hydrochloric Acid	Vinyl Chloride, Chemical Reagent, Production of gelatin, Household cleaning
4	Meta Toluene Diamine (MTD)	Monomer, Chain extender, Cross linker, Rubber Chemical & dyes, Polyamides/ Polyimides, TDI
5	Ortho Toluene Diamine (OTD)	Polyols, Antioxidants, Corrosion Inhibitors, Rubber Chemicals, Dyes
6	Sodium Hypo Chlorite	Disinfectant, Bleaching Agent, Water Treatment, Endodontic, Oxidation



## CORPORATE SOCIAL RESPONSIBILITY



### Bee Keeping Project



### Vocational Training Project



### Flood Relief Banaskantha



### Ma Narmada Mahotsav





# TEN YEAR STANDALONE FINANCIALS AT A GLANCE



Rs. in Crore, except per share data

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
<b>PROFIT AND LOSS STATEMENT</b>										
Total Revenue	6,058	5,170	5,098	4,988	5,196	4,527	4,062	3,129	2,799	3,128
EBITDA	1,532	1169	815	31	662	634	582	523	360	500
Finance costs	100	203	297	275	92	63	34	18	23	27
Depreciation & amortization	270	251	251	209	145	149	131	121	117	120
Profit Before Tax	1,162	715	268	[452]	424	422	417	381	220	354
Tax	372	194	95	-	132	149	133	114	96	126
Profit After Tax	790	521	173	[452]	292	273	284	267	124	228
Total Comprehensive Income	750	561	162	-	-	-	-	-	-	-
<b>BALANCE SHEET</b>										
Net worth	4,458	3,802	3,278	3,115	2,946	2,717	2,507	2,287	2,079	2,014
Long term borrowings	73	886	1,676	2,187	2,226	2,184	1,533	697	194	-
Net working capital	926	350	111	[38]	76	69	[244]	731	576	867
Fixed Assets (Net block)	4,175	4,457	4,395	4,581	4,897	4,560	3,472	2,820	2,199	1,649
<b>PER SHARE DATA</b>										
Earnings (EPS)	50.80	33.54	11.11	[29.09]	18.81	17.57	18.26	17.15	7.97	14.64
Dividend	7.50	5.00	2.00	-	3.50	3.50	3.50	3.25	3.25	3.25
Dividend (%)	75.00	50.00	20.00	-	35.00	35.00	35.00	32.50	32.50	32.50
Book value	286.83	244.60	210.88	200.45	189.52	174.81	161.34	147.14	133.77	129.58





If undelivered please return to:

**Gujarat Narmada Valley Fertilizers & Chemicals Limited**

**(An ISO 14001 & OHSAS 18001 Company)**

CIN: L24110GJ1976PLC002903

P.O. Narmadanagar - 392 015, Dist. Bharuch, Gujarat, India

Ph: (02642) 247001, 247002 Fax : (02642) 247084 Website : [www.gnfc.in](http://www.gnfc.in)