GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

PROGRESSIVE FARMERS, THRIVING INDUSTRIES

57th ANNUAL REPORT 2018-19

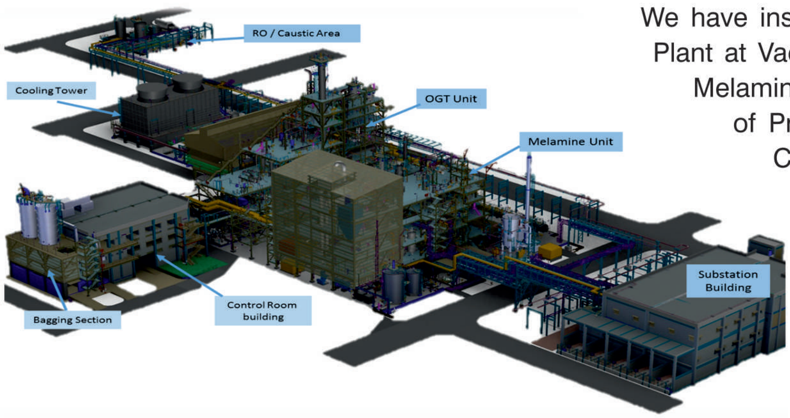
Nurturing the Soil, Fuelling Farmers' Progress

In view of nationwide micronutrient deficiency in the soil, company has recently launched two new products which are fortified with micronutrients.

Gypsum Plus - This is basically a soil conditioner, fortified with Mg, Zn, B. It can be applied at any stage of farming. It loses the tightness of the soil and helps reclaiming the saline and alkali soil. Additionally, micronutrients correct their deficiency in the soil.

Boronated NPK-12:32:16 - It is a complex fertilizer having all 3 major nutrients – N, P & K with additional benefit of Boron. It is fortified with 0.2-0.3% Boron. It facilitates & balances plant nutrition, also regulates NPK Ratio. Boron Increases flowering and cell division and regulates hormone production and oil production

Melamine Expansion



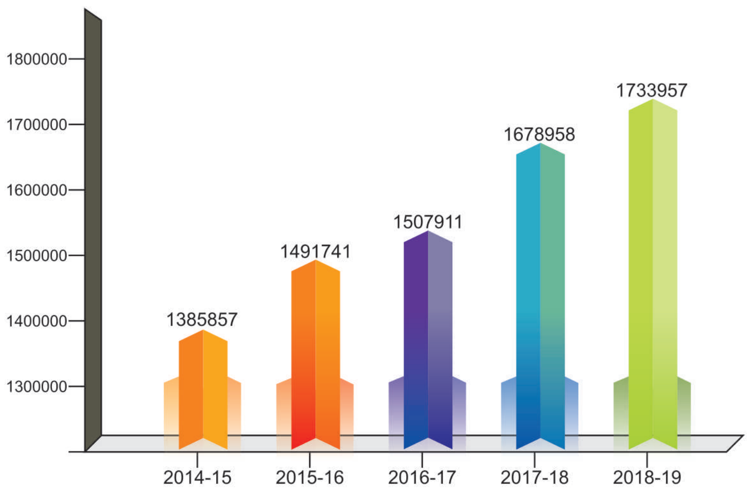
We have installed a High Pressure Technology based Melamine-III Plant at Vadodara complex having total Capacity of 40,000 MTPA Melamine and 50,000 MTPA Additional Molten Urea with the help of Process Licensor M/s Casale SA, Switzerland and EPC Contractor M/s Larsen & Toubro Hydrocarbon Engineering Ltd. We commissioned this Plant in March, 2019. This plant also supplies Molten Urea to existing Melamine-I and II plants for production of Low Pressure Technology based Melamine. The total Melamine Production capacity is now 55000 MTPA.

New Trading Cell, New Opportunities

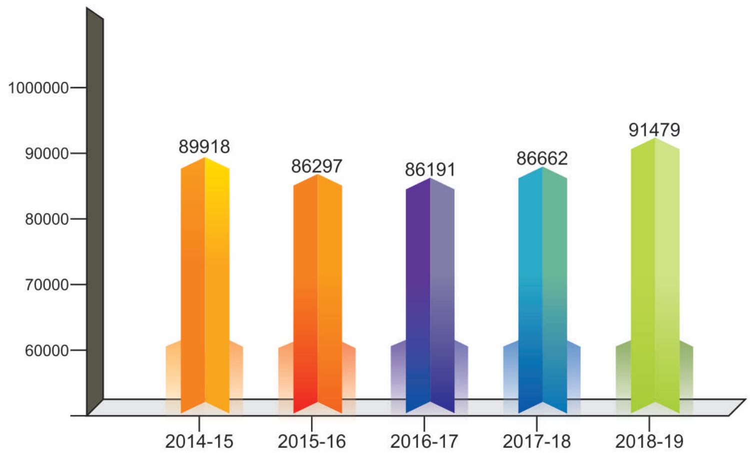
We have established a new Trading Cell to capitalise on the opportunities on national and international shores for our products. This special cell comprises of professionals who are handpicked from various industries. Our Trading Cell was able to identify various markets and export around 10000 MT of fertilisers in FY 2018-19 to nearby countries like Nepal and some quantities to Africa. The Cell was also able to efficiently source Non-Bulk fertilisers/micronutrients to cater to the demand of farmers through our subsidiary company GSFC Agrotech Limited (GATL). It also enabled us in importing petrochemicals to bridge the supply gap of Industrial Products. The Cell also identified and executed opportunities under the merchant export model to facilitate exports of fertilizers and chemicals.

Performance Highlights

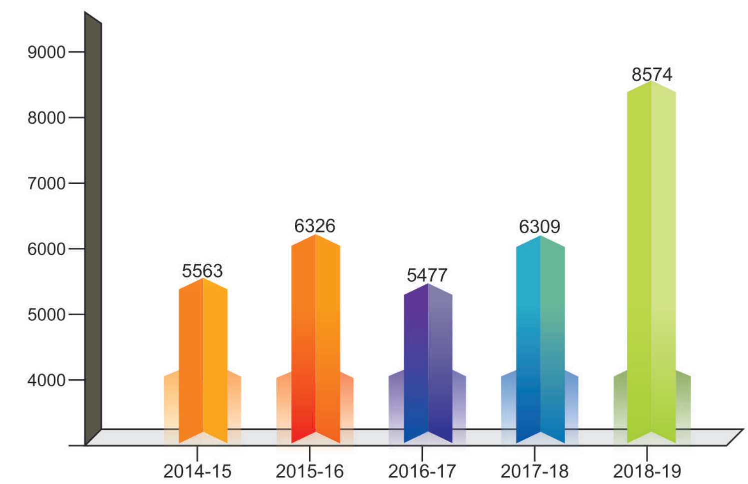
Production (Fertilizers) in MTS



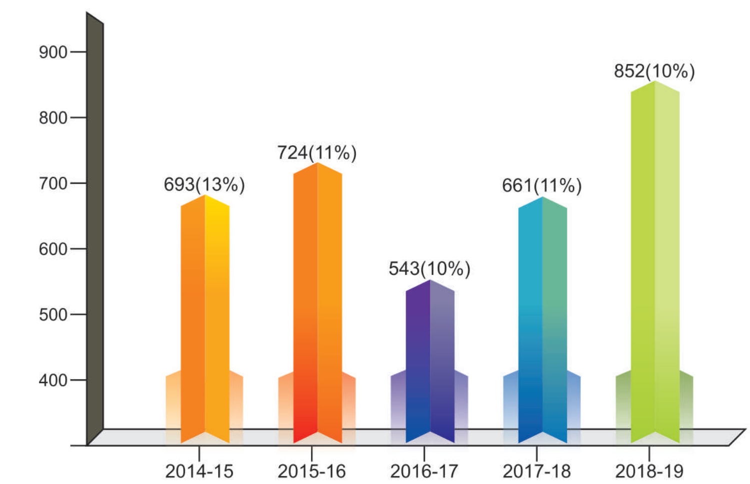
Production (Caprolactum) in MTS



Gross Sales (₹ Crores)

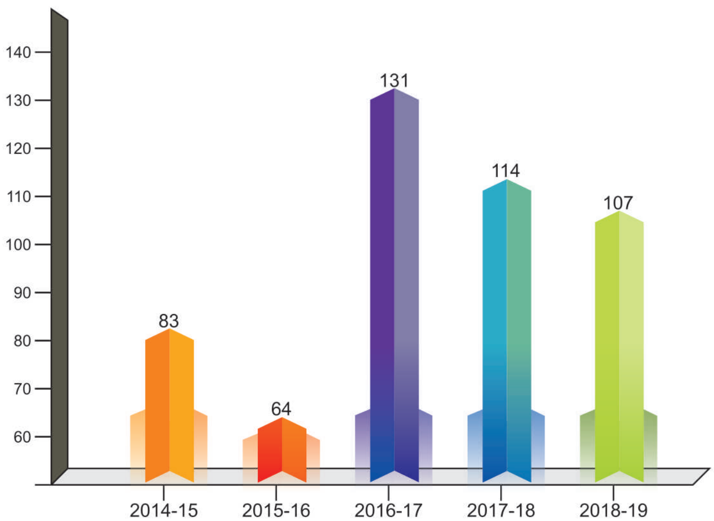


Operating Profit (%) (₹ Crores)

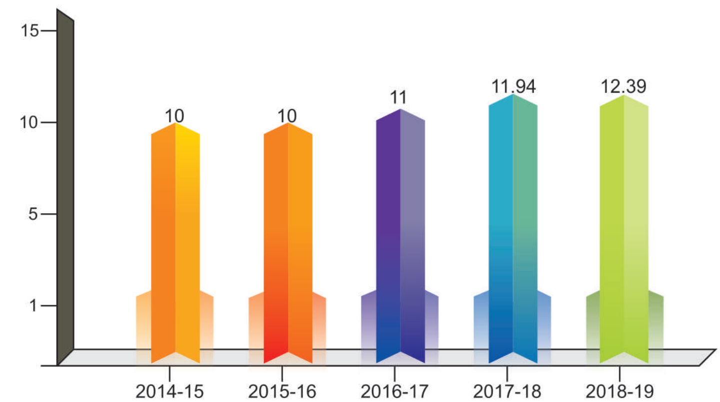


Performance Highlights

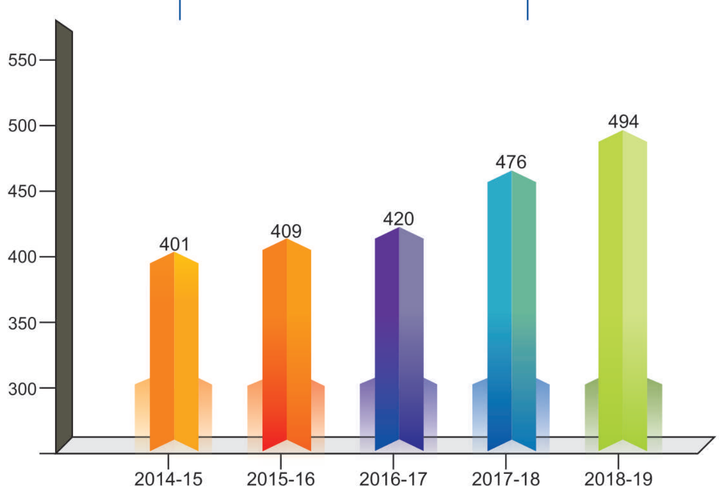
Market Price Per Share
(Face Value ₹ 2/- Per Share)
(As on 31st March of Respective Year)



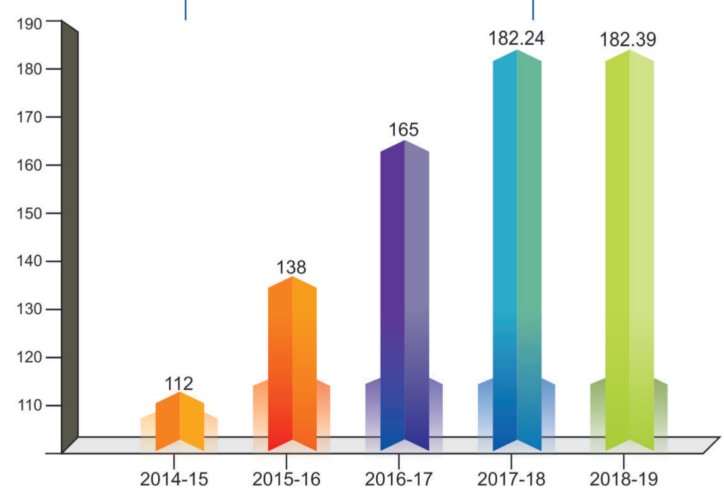
Earning Per Share
(Face Value ₹ 2/- Each)



Profit After Tax
(₹ In Crores)



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



GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

[Corporate Identity Number (CIN) : L99999GJ1962PLC001121]

57TH ANNUAL GENERAL MEETING

Date	:	27th September, 2019
Day	:	Friday
Time	:	3.30 p.m.
Place	:	Cultural Centre Auditorium Fertilizernagar Township Fertilizernagar - 391 750 District Vadodara

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REGISTRARS & SHARE TRANSFER AGENTS

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

REGISTERED OFFICE

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

BOARD OF DIRECTORS *(As on 22-05-2019)*

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

EXECUTIVE DIRECTOR (FINANCE) & CFO

SHRI V D NANAVATY

EXECUTIVE DIRECTOR

SHRI S P YADAV

SR. VICE PRESIDENTS

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

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

CS V V VACHHRAJANI

VICE PRESIDENT / CHIEF

SHRI S H PUROHIT
DR. P B VAISHNAV

BANKERS

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

LEGAL ADVISORS AND ADVOCATES

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

STATUTORY AUDITORS

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

COST AUDITORS

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

SECRETARIAL AUDITORS

Niraj Trivedi, Vadodara

FOR MEMBERS' ATTENTION

1 The Register of Members and the Share Transfer Books of the Company shall remain closed from Thursday, the 12th September, 2019 to Friday, the 27th September, 2019 (both days inclusive) for the purpose of ascertaining the entitlement for payment of dividend.

2 Dividend, upon its declaration at the meeting, will be paid on Equity Shares of the Company on or after 07th October, 2019, to those members whose names shall appear on the Register of Members of the Company on the Book Closure date.

3 To make the payment of dividend through ECS or to print Bank particulars of the members on the dividend warrants, members are requested to furnish their Bank particulars viz. Name of Bank with its branch and address, Bank A/c. No., 9 Digit MICR Code appearing on the MICR cheque issued by the Bank etc. Please also send a copy of the MICR Cheque together with Bank particulars to the Company latest by 12th September, 2019.

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

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

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

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

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

Keeping in view the underlying theme, we also propose to join the bandwagon and accordingly, the said documents of the Company for the financial year ended March 31, 2019 and onwards will be sent in electronic form to those members who have registered their e-mail address with their Depository Participants (DP) and made available to the Company by the Depositories.

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

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

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

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

Very Important

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

NOTICE

NOTICE is hereby given that the **Fifty-seventh Annual General Meeting** of the Members of the Company will be held at the Cultural Centre Auditorium situated at the Registered Office of the Company at P. O. Fertilizernagar, Vadodara-391750 on **Friday, the 27th September, 2019 at 03:30 PM** to transact the following business:

Ordinary Business

1. To receive, consider and adopt:

   a) the Audited Financial Statements of the Company for the Financial Year ended March 31, 2019, the reports of the Board of Directors and Auditors thereon; and

   b) The Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2019.

2. To declare Dividend on Equity Shares.

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

4. To consider re-appointment of Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass the following resolution with or without modifications, as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendations of Audit Committee and Board, M/s. T R Chadha & Co., LLP, Ahmedabad, Chartered Accountants (Firm Registration No. 006711N/N500028), be and are hereby appointed as Statutory Auditors of the Company, for second term of three consecutive years who shall hold office from the conclusion of this 57th Annual General Meeting (AGM) till the conclusion of 60th AGM of the Company, upon such terms as to remuneration as may be determined by the Board of Directors based on the recommendation of Audit Committee plus applicable taxes and reasonable out of pocket expenses actually incurred by them during the course of Audit."

Special Business

5. To approve continuation of Appointment of Shri Vijai Kapoor as Independent Director of the Company and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

   "RESOLVED THAT pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, other applicable provisions, if any, of the Companies Act, 2013 and the applicable Rules made thereunder, including any amendment(s), statutory modification(s) and/or re-enactment thereof for the time being in force, approval of the Members of the Company be and is hereby granted to Shri Vijai Kapoor (DIN 01084371), who has attained the age of seventy five (75) years, to continue to be a Non-Executive Independent Director of the Company till the conclusion of 58th Annual General Meeting, being the date of expiry of his current term of office."

6. To approve the remuneration of the Cost Auditors for the Financial Year ending 31st March, 2020 and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactment thereof, for the time being in force), M/s Diwanji & Company, Cost Accountants, Ahmedabad (Firm Registration No. 100071), appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020 be paid the remuneration of Rs. 4,80,000/- plus applicable taxes and reasonable out of pocket and traveling expenses."

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

Place : Fertilizernagar
Date : 09/08/2019

NOTES (Contd..)

1. ***A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.***

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

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

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

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

   Members are requested to note that pursuant to the provisions of Section 124 and other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof) and Rules made thereunder the dividend remaining unclaimed/ unpaid for a period of seven years from the date of transfer to the “Unpaid Dividend Account” shall be credited to the Investor Education and Protections Fund (Fund) set up by the Central Government. Accordingly, the unclaimed dividends for the Financial Year ended 31-03-1995 to 31-03-1999 and 31-03-2005 to 31-03-2011 has been transferred to the said fund.

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

Dividend No.	Financial Year	Date of Declaration	Due for transfer to IEPF on
38	2011-12	04-08-2012	09-09-2019
39	2012-13	03-08-2013	08-09-2020
40	2013-14	08-08-2014	13-09-2021
41	2014-15	16-09-2015	22-10-2022
42	2015-16	17-09-2016	23-10-2023
43	2016-17	16-09-2017	22-10-2024
44	2017-18	28-09-2018	03-11-2025

Members who have not yet encashed their dividend warrant (s) for the Financial Year ended 31-03-2012 to 31-03-2018, are requested to lodge their claims to the Company accordingly, without any delay.

Pursuant to Section 124 and 125 of the Companies Act, 2013 read with Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2017, and amendments thereto, the Company is mandated to transfer all such shares in respect of which dividend amount remains unclaimed/unpaid for consecutive period of seven years or more, shall be transferred to the demat account of the IEPF Authority.

The Company has accordingly, transferred the below mentioned shares to the IEPF Authority Account :

(1) 15,17,535 Equity Shares of the Shareholders whose dividend has remained unclaimed for a period of 7 years from 2009-10 to 2015-16 in the month of December, 2017 and

(2) 1,44,120 Equity Shares of the Shareholders whose dividend has remained unclaimed for a period of 7 years from 2010-11 to 2016-17 in the month of November, 2018

Details of the Shares Transferred to the IEPF Authority are available on the website of the Company through the link : https://www.gsfclimited.com/IEPF.asp?mnuid=5

Kindly note that all future benefit, accruing on such shares would also be credited to IEPF Authority Account. Further, in terms of Rule 7 of the said Rules, Shareholders may note that, both the unclaimed dividend and the shares, transferred to IEPF Authority can be claimed back from the IEPF Authority, by filing e-form IEPF-5 available at the access link on Company's website http://www.gsfclimited.com/IEPF.asp?mnuid=5 or on website www.iepf.gov.in.

NOTES (Contd..)

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

6. Voting through electronic means

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

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

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

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

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

f. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/ beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. September 20, 2019.

g. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. September 20, 2019 only shall be entitled to avail the facility of remote e-voting/ poll.

h. Any person who becomes a member of the company after dispatch of the Notice of the meeting and holding shares as on the cut-off date i.e. September 20, 2019, may cast their votes by following the instructions and process of remote e-voting as provided in the Notice of the AGM uploaded at our website www.gsfclimited.com and CDSL website: www.evotingindia.com**. If the member is already registered with CDSL e-voting platform then he can use his existing user ID and password for casting the vote through remote e-voting.**

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

Commencement of remote e-voting: from 9.00 A.M. on September 24, 2019

End of remote e-voting: up to 5.00 P.M. on September 26, 2019.

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

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

k. Subject to receipt of requisite number of votes, the Resolution shall be deemed to be passed on the date of the Meeting, i.e. September 27, 2019.

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

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

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

(iii) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

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

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

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

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

NOTES (Contd..)

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

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

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

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

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

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

(x) Click on the E- Voting Sequence Number (EVSN) 190817001 along with "Gujarat State Fertilizers & Chemicals Limited" from the drop down menu and click on "SUBMIT"

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

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

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

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

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

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

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

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

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

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

c) After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

d) The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

e) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

NOTES (Contd..)

EXPLANATORY STATEMENT

PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 04

This explanatory statement is provided though mandatorily not required as per Section 102 of the Companies Act, 2013 (the Act).

The Members of the Company had at their 55th Annual General Meeting (AGM) held on 16.09.2017 appointed M/s. T R Chadha & Co., LLP, Chartered Accountants (Firm Registration No. 006711N/ N500028), Ahmedabad, as Statutory Auditors for first term of two years i.e. from the conclusion of the 55th Annual General Meeting till the conclusion of the 57th Annual General Meeting. .

The Audit Committee, after considering the qualifications and experience of M/s. T R Chadha & Co., LLP, Chartered Accountants, recommended their appointment for a second term of three consecutive years i.e. from the conclusion of 57th Annual General Meeting till the conclusion of 60th Annual General Meeting as Statutory Auditors of the Company to the Board and the Board of Directors have also based on the recommendations of Audit Committee recommended their appointment to the Members as Statutory Auditors of the Company, to hold office from the conclusion of this AGM until the conclusion of next AGM.

Proposed Fees: for Audit Assignment Rs.18.35 Lakhs plus applicable taxes, travelling and other out-of-pocket expenses incurred by them in connection with the statutory audit of the Company. The proposed fees is based on knowledge, expertise, industry experience, time and efforts required to be put in by M/s T R Chadha & Co., LLP during their association with the Company. The proposed fees are also in line with the industry benchmarks. The fees for services in the nature of limited review, statutory certifications and other professional work will be in addition to the audit fee as above and will be decided by the management in consultation with the Auditors.

Credentials: M/s T R Chadha & Co., LLP is an old and well established Chartered Accountancy firm, having been setup in the year 1946. The firm is head-quartered in Delhi and has branches in Gurgaon, Mumbai, Pune, Hyderabad, Ahmedabad, Chennai, Bengaluru and Tirupati, with its operations adequately supported by qualified professionals and staff. Apart from statutory audit, the firm also has expertise in other allied areas. The firm has been statutory auditors of large listed companies to cross section of industries and carries a good professional track-record.

Necessary consent and certificate as required under Section 139 (1) of the Act and Rule 4 of the Companies (Audit & Auditors) Rules, 2014 have been received from the Auditors proposed to be appointed at this AGM.

Your Directors recommend the proposed resolution for your approval.

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.

ITEM No. 05

The Members of the Company at the fifty third Annual General Meeting held on 16th September, 2014 had appointed Shri Vijai Kapoor as the Independent Directors of the Company for a term of five (5) consecutive years commencing from conclusion of 53rd Annual General Meeting till conclusion of 58th Annual General meeting.

As the Members are aware, pursuant to the Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “the Listing Regulations”), effective from April 1, 2019, no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five (75) years unless a special resolution is passed to that effect and the explanatory statement annexed to the notice proposing such appointment or continuation specifies the justification for such appointment or continuation, as the case may be.

Shri Vijai Kapoor has already attained the age of seventy five (75) years. Pursuant to Regulation 17(1A) of the Listing Regulations, the Special Resolution for continuation of their directorships with effect from April 1, 2019 till conclusion of 58th Annual General Meeting, being the date of expiry of their current term of office, will be required to be passed.

The Board of Directors, at its meeting held on May 22, 2019, has unanimously decided the continuation of directorships of Shri Vijai Kapoor, with effect from April 1, 2019 till conclusion of 58th Annual General Meeting, being the date of expiry of their current term of office.

NOTES (Contd..)

Profile and justification for continuation of the directorship are stated below:

Shri Vijai Kapoor, born on September 13, 1938, is a Non-Executive Independent Director of the Company. He holds a Master's degree in Mathematics. Shri Vijai Kapoor is a former IAS officer and was Lieutenant Governor of Delhi from 20 April 1998 to 9 June 2004.

Shri Vijai Kapoor has been an active member of the Board and the Board Committees of which he is a member. He brings independent judgement on the Board of the Company and his continued association will be valuable and positive. With his expertise, skills and knowledge, he articulates and provides his valuable guidance and inputs in all matters pertaining to the financial statements.

Shri Vijai Kapoor is physically fit and current with finance and business matters. Details of Shri Vijai Kapoor's attendance at the Board, Committee and General Meetings held during the last years are given in Corporate Governance Report.

Your Directors recommend the proposed resolution for your approval.

Except Shri Vijai Kapoor, none of the Directors/ Key Managerial Personnel of the Company/ their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

Item no. 06

The Board on recommendation of the Audit Committee has approved the appointment of cost auditors and subject to the consent of members, approved the remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending on March 31, 2020 at a fee as proposed in the resolution.

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

Accordingly, consent of the members is sought for payment of remuneration to the Cost Auditors by passing an ordinary resolution as set out at item no. 6 of the notice for the Financial Year ending March 31, 2020.

Your Directors recommend the proposed resolution for your approval.

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

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

Place : Fertilizernagar
Date : 09/08/2019

NOTES (Contd..)

BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT

Name in Full& DIN	Shri Arvind Agarwal, IAS (DIN 00122921)
Birth Date	23/04/1960
Qualification	B.Com. (Accountancy), M.Com, IAS
Status	Non-Executive Rotational Director
Date of Appointment	04/06/2018
Shareholding in GSFC Ltd.	Nil
Other Directorship	1. Gujarat Alkalies and Chemicals Limited 2. Gujarat State Fertilizers & Chemicals Limited 3. Gujarat State Petroleum Corporation Limited 4. Sardar Sarovar Narmada Nigam Limited 5. Gujarat State Financial Services Limited 6. Gujarat State Investments Limited 7. Gujarat State Petronet Limited 8. Goods and Service Tax Network 9. Metro-link Express for Gandhinagar and Ahmedabad (MEGA) Co. Ltd. 10.Gujarat International Finance-Tech City Limited (GIFTCL)
Brief Profile covering experience	Shri Arvind Agarwal, IAS, aged 58 years, is a very Senior IAS Officer of Government of Gujarat. He has very rich and varied experience of around 33 years and has held distinguished potion in Government of Gujarat like District Development officer and Collector-Bharuch, Labour Commissioner, Industries Commissioner, Additional Chief Secretary Education, Industries & Mines Development, GoG. He was Managing Director, Gujarat State Financial Corporation Ltd., Vice Chairman & Managing Director, Gujarat Industrial Development Corporation (GIDC). He has rich experience in the field of Finance, Management and Administration. He has authored a Book in Gujarati viz. “Panchayat Parichay”. He was awarded as” Best Collector” during his posting in Bharuch, Presently, he is Additional Chief Secretary, holding charge of Finance Department, Government of Gujarat.

Name in Full& DIN	Shri Vijai Kapoor (DIN 01084371)
Birth Date	13-09-1938
Qualification	MA (Mathematics), IAS (Retd).
Status	Independent Director
Date of Appointment	15-07-2006
Shareholding in GSFC Ltd.	NIL
Other Directorship	1. FAB India Overseas Private Ltd. 2. Gujarat State Fertilizers & Chemicals Ltd.
Brief Profile covering experience	Served in Indian Service Administrative Service and later Served as Lieutenant Governor of Delhi for 6 years. He has had rich administrative experience of varied nature.

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting their 57th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2019.

1. Financial highlights of the Company

(Rs. in Crores)

Sr. No.	Particulars	Standalone		Consolidated	
		2018-19	**2017-18**	**2018-19**	**2017-18**
1	Gross Sales	8574.54	6309.27	8490.67	6304.57
2	Other Income	104.90	94.67	107.53	98.95
3	Total Revenue	8679.44	6403.94	8598.20	6403.52
4	Less : Operating Expenses	7827.15	5742.67	7742.01	5739.72
5	Operating Profit	852.29	661.26	856.19	663.80
6	Less : Finance Cost	61.26	51.35	61.01	51.35
7	Gross Profit	791.02	609.91	795.18	612.45
8	Less : Depreciation	125.61	119.12	126.25	119.45
9	Exceptional Item	0	0	0	0
10	Profit before Taxes	665.42	490.79	668.92	493.00
11	Share in Profit/(Loss) of Associates	0.00	0.00	0.02	(0.08)
12	Profit before taxes after Associates	665.42	490.79	668.94	492.92
13	Taxation				
	- Current Tax	123.23	82.08	125.61	85.28
	- Deferred Tax (net)	53.11	49.74	54.81	50.69
	- Mat Credit recognized	(6.89)	(15.45)	(6.89)	(15.45)
	- Earlier year tax	2.29	(101.31)	2.29	(101.31)
14	Profit after taxes	493.68	475.73	493.13	473.71
15	Non-controlling Interest	0.00	0.00	0.001	0.06
16	Other comprehensive income arising from re-measurement of defined benefit plan	(8.37)	(2.11)	(8.35)	(2.11)
17	Balance brought forward from last year	432.06	243.96	473.52	287.74
18	Amount available for appropriations	917.37	717.57	958.30	759.39
19	Payment of Dividend FY 2017-18				
	- Dividend	87.66	18.02	87.66	17.85
	- DDT Paid	87.66	18.12	87.96	17.90
19	Transfer to General Reserve	380.00	180.00	380.00	180.00
20	Leaving a balance in the Profit & Loss Account	431.69	432.06	472.53	473.52

2. Dividend

Your Directors are happy to recommend a dividend @ 110%, i.e. Rs. 2.20/- per Equity Share (Face value of Rs. 2/- each) on 39,84,77,530 shares (Previous Year - 110%, i.e. Rs. 2.20 per share on 39,84,77,530 Equity Shares of Rs.2/- each) for the financial year ended 31st March, 2019. The net outgo on account of Dividend shall be Rs. 105.68 Crores including Corporate Dividend Tax. The Dividend shall be paid to those members, whose names shall appear on the Register of Members of the Company on the Book Closure Date i.e. on 12/09/2019.

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

Your directors wish to report that your Company has achieved turnover of Rs. 8574.54 Crores for the year ended March 31, 2019 as against Rs. 6309.27 Crores (FY 17-18) on standalone basis, which is higher by 36% (Rs.2265.27 Crores) when compared to the previous financial year.

Similarly, for the year under review (FY 2018-19), Profit before Tax (PBT) was Rs. 665.42 Crores and Net Profit (Profit after Tax) was Rs. 493.68 Crores as against PBT of Rs. 490.79 Crores and PAT of Rs. 475.73 Crores for the previous financial year.

4. Material changes and commitments

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

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

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

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

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

7. Details of Subsidiary/Joint Ventures/Associate Companies

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

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

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

8. Listing of Shares & Depositories

The Equity Shares of your Company are listed on the BSE Limited (BSE) and National Stock Exchange of India Ltd. (NSE). As approved by the shareholders, an application for voluntary delisting of Equity Shares from Calcutta Stock Exchange Association Ltd., Kolkatta, was made, however, the approval for delisting is still awaited. The listing fee for the FY 19-20 has been paid to both the Stock Exchanges.

Your Directors wish to state that the Equity Shares of your Company are compulsorily traded in dematerialized form w.e.f. 26/06/2000. Presently, 97.72% of shares are held in electronic/ dematerialized form.

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

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

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

10. Business Responsibility Reporting

Business Responsibility Report forms part of this Annual Report at annexure "F" as required under Regulation 34(2) (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

11. Fixed Deposits

During the year 2018-19, your Company has not accepted/ renewed any Fixed Deposit. Your Directors wish to report that there are NIL Fixed Deposits aggregating Rs. NIL which have remained unclaimed by Depositors, as on 31st March, 2019. Letters reminding them to seek repayment have been sent. Upto and including the date of this report, NIL deposits amounting to Rs. NIL have been repaid.

During the year, the Company has transferred a sum of Rs. 1.25 Lacs being the unclaimed deposits and interest amount thereon to the Investors' Education and Protection Fund (IEPF) as required in terms of Section 125 of the Companies Act, 2013. The Company has discontinued accepting new deposits since 15.11.2005, and renewing the deposits since 31.03.2009.

12. Insurance

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

13. Expansion & Diversification

Projects under development

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

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

  For Phosphoric Acid, Company has selected the technology supplier for supply of License & Know-How and Basic Engineering Package. Your Company is in the final discussions with Sulphuric Acid Process Licensors for supply of Technology and Basic Engineering Package. Company is expecting to start construction of this project in first quarter of Financial Year (FY) 2020-21. Company has already received No Objection Certificate (NoC) from GPCB for the execution of this Project.

- **Expansion of Sikka Jetty for better Utilisation :**

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

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

  Your Company has also undertaken feasibility study for the expansion of Sikka jetty and is now in the process of carrying out Detail Project Report, getting the Environment Clearance and finalising the joint venture partners for the project.

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

  Your Company is also contemplating to set up 64,800 MTPA MMA plant at Dahej and for which it has executed the required agreements with technology supplier M/s Mitsui Chemicals Incorporation (MCI), Japan for supply of License Know-How, Process Design Package and Catalyst. Your Company is expecting the final Process Design Package (PDP) package sometime in August-Sept 2019 and based on that it is expected that bids for EPC package shall be finalized by the first quarter of FY 2020-21.

- **Caprolactam Plant at Vadodara :**

  Your Company is contemplating to set up 50,000 MTPA Caprolactam Plant at Vadodara based on procurement of major raw material Cyclohexanone. It is in discussions with EPC Contractors for this Project. Your Company is expecting the final commercial bids by the 3rd Quarter of FY 2019-20. Also, your Company is in process of obtaining environmental clearance for the project.

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

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

The details relating to Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have been disclosed in point # 5 of Corporate Governance Report.

15. Corporate Social Responsibility (CSR)

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. As a part of its initiatives under "Corporate Social Responsibility", the Company has undertaken projects in the areas of education, livelihood, health, water and sanitation. The Annual Report on CSR activities is enclosed as Annexure A. CSR Policy adopted by the Company is placed on the Company's website at https://www.gsfclimited.com/social_commitment.asp?mnuid=1&fid=15

16. Directors

A) Changes in Directors and Key Managerial Personnel

Shri Arvind Agrawal, IAS has been appointed w.e.f. 04.06.2018 as a rotational Director in place of Shri Anil Mukim, IAS, Director of the Company who was in the office till 07.03.2018.

Shri Sujit Gulati, IAS has been appointed as Managing Director of the Company w.e.f.13.07.2018 (afternoon) vice Shri A. M. Tiwari, IAS. (Managing Director till 13.07.2018 (forenoon)). Shri Sujit Gulati, IAS was Director of the Company for the period from 25.07.2016 to 13.07.2018.

Shri Raj Gopal, IAS, ceased to be a Director of the Company w.e.f. 01.02.2019. His resignation has been taken on record by the Board of Directors.

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

The appropriate resolution/s and brief resume of Directors under appointment/ re-appointment at 57th Annual General Meeting is annexed to the Notice convening the 57th Annual General Meeting and it forms the integral part of this Annual Report and your Directors recommend the same for your approval.

B) Board Evaluation

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

C) Appointment and Remuneration Policy

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

D) Meetings

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

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

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

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

Particulars of loans given, investments made, guarantee given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the standalone financial statement.

Your Directors would further like to inform that in continuation to the reporting made in previous year regarding the investments made by the Company in Bhavnagar Energy Company Limited (BECL) as directed by Government of Gujarat, it is further informed that the Company was holding 5,92,20,000 equity shares of Rs. 10/- each, aggregating Rs.59.22 Crores in BECL which represents 5.95% of BECL's total equity share capital as on 31.03.2018.

During the year company has also acquired 1,20,00,000 shares of Rs. 10 each having value of Rs. 12.00 Crores comprising total holding of 7,12,20,000 equity shares having value of Rs. 71.22 Crores.

Government of Gujarat, Energy & Petrochemicals Department approved proposal of merger of BECL into Gujarat State Electricity Corporation Limited (GSECL). The said merger shall be carried out by the State Government under the provisions of Gujarat Electricity Industry (Reorganization & Regulation) Act, 2003. By virtue of that, the Government of Gujarat issued a notification dated 27th August, 2018 inter-alia determining the terms and conditions on which the said merger shall be made effective.

As per the terms, the Transferee Company i.e. GSECL shall issue one equity share to each shareholder of BECL against total number of equity shares of BECL held by each of such shareholders as on the date of notification of this scheme. Issue of equity shares by GSECL to the shareholders of BECL shall be the consideration for shareholders of BECL in respect of transfer of the undertaking of BECL and extinguishment of their rights as shareholder of BECL.

Hence, all rights attached thereto by virtue of shareholding at BECL gets extinguished and there shall be diminution of value of shares by effect of this notification during the year under report i.e. 2018-19.

19. Particulars of contracts or arrangements with related parties

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

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

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

20. Managerial Remuneration:

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

21. Risk management policy

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

22. Directors' Responsibility Statement:

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

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

b. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

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

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

e. The Directors, in the case of a listed Company, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

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

23. Auditors:

(a) Statutory Auditors

on recommendation of the Audit Committee, the Board of Directors has recommended for the appointment of M/s. T. R Chadha & Co. LLP, Ahmedabad, Chartered Accountants (Firm Registration No.006711N/N500028) as the Statutory Auditors for the second term of three consecutive years i.e. to hold the office from the conclusion of 57th Annual General Meeting till the conclusion of 60th Annual General Meeting of the Company to be held in the year 2022.

(b) Cost Auditors:

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

The Board of Directors of your Company, on the recommendations made by the Audit Committee has approved appointment of M/s Diwanji & Company, Cost Accountants, Vadodara (Firm Registration Number 000339) as the Cost Auditors of your Company to conduct the audit of cost records for the Financial Year 2019-20. The remuneration proposed to be paid to the Cost Auditor is placed for your ratification at the ensuing 57th Annual General Meeting. The Cost Auditors for the F.Y. 2018-19 was filed within stipulated time.

(c) Internal Auditors:

Your Company has appointed M/s Talati & Talati, Chartered Accountants, Vadodara, as Internal Auditors of Baroda & Sikka Unit for Financial Year i.e. 2019-20. M/s K. N. Mehta & Co., Chartered Accountants, Vadodara have been appointed as Internal Auditors for the Company's Polymers Units.

(d) Secretarial Auditors & Secretarial Audit Report:

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

24. AUDITORS' REPORT

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

25. Extract of the annual return:

Link of annual report as per the Companies Amendment Act, 2017 is as below;

www.gsfclimited.com/compliance

26. Human Resources

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

27. Acknowledgements

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

For and on behalf of the Board
Sd/-
Dr. J N Singh, IAS
Chairman

Place: Fertilizernagar
Date : 09/08/2019

ANNEXURE "A" TO DIRECTORS' REPORT

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES (FY 2018-19)

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

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

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

   Web link: www.gsfclimited.com

2. **The present Composition of the CSR Committee:**

Sr.	Name	Category
1	Shri Arvind Agrawal	Chairman
2	Shri D C Anjaria	Member
3	Smt. Geeta Goradia	Member
4	Shri Rajgopal	Member
5	Shri Sujit Gulati	Member

3. **Average net profit of the company for last three financial years :**

   Rs. 466 Crores

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

   Rs. 9.31 (i.e. 2% of Rs. 466 Crores).

5. **Details of CSR spend for the financial year :**

   (a) Total amount to be spent for the financial year: Rs. 9.31 Crores.

   (b) Amount unspent, if any: Not Applicable

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

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs: 1. Direct expenditure on projects 2. Overhead	Cumulative expenditure up to the reporting period (Since FY 2014-15)
1	Education	Education	5,45,29,400	5,45,29,400	37,80,49,092
2	Rejuvenation of Ajwa Garden	Maintaining ecological balance	1,11,93,847	1,11,93,847	6,67,00,000
3	Safe Drinking Water	Safe Drinking Water	22,65,000	22,65,000	5,66,19,608
4	Contribution and Donations	Education, Health, Women Empowerment	3,67,11,349	3,67,11,349	6,69,47,071
5	Other Local Activities	Rural Development Projects	54,49,287	54,49,287	54,49,287
		Total	**11,01,48,883**	**11,01,48,883**	**57,37,65,058**

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

Note:

1. *Sr. No. 1 GSFC University, Fertilizernagar School and work for government primary school is merged together as education.*
2. *This table shows expenditure incurred at all four units of GSFC consolidated.*
3. *Sr. No. 05 was earlier part of different heads, hence cumulative is same as other amount.*

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

Not Applicable.

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

The implementation and monitoring of CSR policy is in compliance with the CSR objective and policy of the company.

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

ANNEXURE "B" TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2019

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

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

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

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

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

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

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

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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

- **(a)** The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- **(b)** The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- **(c)** The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not applicable for the Audit Period**
- **(d)** The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; - **Not applicable for the Audit Period**
- **(e)** The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - **Not applicable for the Audit Period**
- **(f)** The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- **(g)** The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **Not applicable for the Audit Period** and
- **(h)** The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **Not applicable for the Audit Period**
- **(i)** The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

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

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

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

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

We further report that -

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

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

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

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

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

Place: Vadodara
Date : 22/05/2019

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

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

‘ANNEXURE A’ TO SECRETARIAL AUDIT REPORT

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

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

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

Place: Vadodara
Date : 22/05/2019

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

ANNEXURE "C" TO DIRECTORS' REPORT

Form No. MGT-9
EXTRACT OF ANNUAL RETURN as on the Financial Year ended on 31.03.2018
[Pursuant to section 92(3) *of the Companies Act, 2013* and
rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1	GSFC Agrotech Limited Administration Building, 1st Floor, Fertilizernagar, P. O. Fertilizernagar – 391750	U36109GJ2012PLC069694	Subsidiary	100.00%	2 (87)
2	Gujarat Green Revolution Company Limited Fertilizernagar Township, P. O. Fertilizernagar – 391750	U63020GJ1998PLC035039	Associate	46.87%	2 (6)
3	Vadodara Enviro Channel Limited Plot no. 304/1, 317 & 318, At and Post Dhanora, Vadodara – 391 346	U51395GJ1999PLC036886	Associate	28.57%	2 (6)
4	Gujarat Data Electronics Limited# A-78-6-7 GIDC Electronics Estate, Gandhinagar-15	U39308GJ1985PLC008058	Associate	23.00%	2 (6)
5	Gujarat Arogya Seva Private Limited 1st Floor, Administrative Building P. O. Fertilizernagar Vadodara Vadodara GJ 391750 IN	U74999GJ2017PTC096542	Subsidiary of Subsidiary	100.00%	2 (87)

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

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

i) Category-wise Share Holding

Category of Shareholders	*Shareholding at the beginning of the year 2018*				*Shareholding at the end of the year 2019*				*% change during the year*
	Demat	Physical	total	% of total shares	Demat	Physical	Total	% of total shares	
(A) Shareholding of Promoter and Promoter Group									
[1] Indian									
(a) Individuals/Hindu Undivided Family	0	0	0	0.0000	0	0	0	0.0000	0.0000
(b) Central Government / State Government(s)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c) Financial Institutions / Banks	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d) Any Other (Specify)									
Bodies Corporate	150799905	0	150799905	37.8440	150799905	0	150799905	37.8440	0.0000
Sub Total (A)(1)	150799905	0	150799905	37.8440	150799905	0	150799905	37.8440	0.0000
[2] Foreign									
(a) Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(b) Government	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c) Institutions	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d) Foreign Portfolio Investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e) Any Other (Specify)									
Sub Total (A)(2)	0	0	0	0.0000	0	0	0	0.0000	0.0000
Total Shareholding of Promoter & Promoter Group(A)=(A)(1)+(A)(2)	150799905	0	150799905	37.8440	150799905	0	150799905	37.8440	0.0000
(B) Public Shareholding									
[1] Institutions									
(a) Mutual Funds / UTI	27212989	3050	27216039	6.8300	19067928	3050	19070978	4.7860	-2.0440
(b) Venture Capital Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c) Alternate Investment Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d) Foreign Venture Capital Investors	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e) Foreign Portfolio Investor	64047313	0	64047313	16.0730	75098737	0	75098737	18.8464	2.7734
(f) Financial Institutions / Banks	39188196	141870	39330066	9.8701	39706487	141870	39848357	10.0002	0.1301
(g) Insurance Companies	0	0	0	0.0000	0	0	0	0.0000	0.0000
(h) Provident Funds/ Pension Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(i) Any Other (Specify)									
Foreign Bank	0	0	0	0.0000	150	0	150	0.0000	0.0000
Sub Total (B)(1)	130448498	144920	130593418	32.7731	133873302	144920	134018222	33.6326	0.8595
[2] Central Government/ State Government(s)/ President of India									
Central Government / State Government(s)	1517535	0	1517535	0.3808	0	0	0	0.0000	-0.3808
Sub Total (B)(2)	1517535	0	1517535	0.3808	0	0	0	0.0000	-0.3808
[3] Non-Institutions									
(a) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh.	48327141	7524317	55851458	14.0162	50842281	6379438	57221719	14.3601	0.3439
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	12433385	0	12433385	3.1202	11819197	0	11819197	2.9661	-0.1541
(b) NBFCs registered with RBI	0	0	0	0.0000	79035	0	79035	0.0198	0.0198
Trust Employee	0	0	0	0.0000	25325	0	25325	0.0064	0.0064
(d) Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e) Any Other (Specify)									
IEPF	0	0	0	0.0000	1658610	0	1658610	0.4162	0.4162
Trusts	38705	0	38705	0.0097	34435	0	34435	0.0086	-0.0011
Coperatives Socities	13395	2422335	2435730	0.6113	13395	2357655	2371050	0.5950	-0.0163
Hindu Undivided Family	3669718	1770	3671488	0.9214	3479929	1770	3481699	0.8738	-0.0476
Non Resident Indians (Non Repat)	1278466	0	1278466	0.3208	923841	0	923841	0.2318	-0.0890
Other Directors	1450	0	1450	0.0004	1450	0	1450	0.0004	0.0000
Non Resident Indians (Repat)	2852296	147535	2999831	0.7528	1283166	146780	1429946	0.3589	-0.3939
Foreign Portfolio Investor (Individual)	0	0	0	0.0000	5100	0	5100	0.0013	0.0013
Clearing Member	1172859	0	1172859	0.2943	965100	0	965100	0.2422	-0.0521
Bodies Corporate	35625355	57945	35683300	8.9549	33591071	51825	33642896	8.4429	-0.5120
Sub Total (B)(3)	105412770	10153902	115566672	29.0021	104721935	8937468	113659403	28.5234	-0.4787
Total Public Shareholding(B)= (B)(1)+(B)(2)+(B)(3)	237378803	10298822	247677625	62.1560	238595237	9082388	247677625	62.1560	0.0000
Total (A)+(B)	388178708	10298822	398477530	100.0000	389395142	9082388	398477530	100.0000	0.0000
(C) Non Promoter - Non Public									
[1] Custodian/DR Holder	0	0	0	0.0000	0	0	0	0.0000	0.0000
[2] Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.0000	0	0	0	0.0000	0.0000
Total (A)+(B)+(C)	388178708	10298822	398477530	100.0000	389395142	9082388	398477530	100.0000	

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

(ii) Shareholding of Promoters

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	GUJARAT STATE INVESTMENTS LIMITED	150799905	37.8440			150799905	37.8440
	AT THE END OF THE YEAR					150799905	37.8440

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

Sr No	Shareholder's Name	Shareholding at the beginning of the year - 2018			Shareholding at the end of the year - 2019		
		NO.OF SHARES HELD	% of total Shares of the company	%of Shares Pledged /encumbered to total shares	NO.OF SHARES HELD	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares
1	GUJARAT STATE INVESTMENTS LIMITED	150799905	37.8440	0.0000	150799905	37.8440	0.0000
	Total	150799905	37.8440	0.0000	150799905	37.8440	0.0000

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

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		NO. OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	LIFE INSURANCE CORPORATION OF INDIA	31797658	7.9798			31797658	7.9798
	AT THE END OF THE YEAR					31797658	7.9798
2	FIDELITY PURITAN TRUST- FIDELITY LOW-PRICED STOCK FUND	28900000	7.2526			28900000	7.2526
	Transfer			11 May 2018	(400000)	28500000	7.1522
	AT THE END OF THE YEAR					28500000	7.1522
3	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE PURE VALUE FUND	7492406	1.8803			7492406	1.8803
	Transfer			06 Apr 2018	150000	7642406	1.9179
	Transfer			13 Apr 2018	300000	7942406	1.9932
	Transfer			25 May 2018	(780000)	7162406	1.7974
	Transfer			15 Jun 2018	257000	7419406	1.8619
	Transfer			31 Aug 2018	200000	7619406	1.9121
	Transfer			07 Sep 2018	200000	7819406	1.9623
	Transfer			21 Sep 2018	149000	7968406	1.9997
	Transfer			05 Oct 2018	985000	8953406	2.2469
	Transfer			12 Oct 2018	1000000	9953406	2.4979
	Transfer			16 Nov 2018	(2934000)	7019406	1.7616
	Transfer			23 Nov 2018	(740000)	6279406	1.5758
	Transfer			07 Dec 2018	500000	6779406	1.7013
	Transfer			14 Dec 2018	1050000	7829406	1.9648
	Transfer			21 Dec 2018	141000	7970406	2.0002
	Transfer			28 Dec 2018	42800	8013206	2.0110

	Transfer			04 Jan 2019	465000	8478206	2.1276
	Transfer			25 Jan 2019	(28200)	8450006	2.1206
	Transfer			08 Mar 2019	18800	8468806	2.1253
	AT THE END OF THE YEAR					8468806	2.1253
4	GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED	7500000	1.8822			7500000	1.8822
	AT THE END OF THE YEAR					7500000	1.8822
5	GUJARAT ALKALIES AND CHEMICALS LIMITED	7500000	1.8822			7500000	1.8822
	AT THE END OF THE YEAR					7500000	1.8822
6	GOTHIC CORPORATION	0	0.0000			0	0.0000
	Transfer			28 Dec 2018	6114648	6114648	1.5345
	AT THE END OF THE YEAR					6114648	1.5345
7	GOVERNMENT PENSION FUND GLOBAL	5970001	1.4982			5970001	1.4982
	Transfer			15 Feb 2019	30000	6000001	1.5057
	AT THE END OF THE YEAR					6000001	1.5057
8	GUJARAT MINERAL DEVELOPMENT CORPORATION LTD	5000000	1.2548			5000000	1.2548
	AT THE END OF THE YEAR					5000000	1.2548
9	VANDERBILT UNIVERSITY - ATYANT CAPITAL MANAGEMENT LIMITED	2346331	0.5888			2346331	0.5888
	Transfer			07 Sep 2018	1000000	3346331	0.8398
	Transfer			21 Sep 2018	500000	3846331	0.9653
	Transfer			11 Jan 2019	200000	4046331	1.0154
	AT THE END OF THE YEAR					4046331	1.0154
10	ATYANT CAPITAL INDIA FUND I	2004405	0.5030			2004405	0.5030
	Transfer			26 Oct 2018	2000000	4004405	1.0049
	AT THE END OF THE YEAR					4004405	1.0049
11	GENERAL INSURANCE CORPORATION OF INDIA	3202175	0.8036			3202175	0.8036
	Transfer			06 Apr 2018	25000	3227175	0.8099
	Transfer			13 Apr 2018	103657	3330832	0.8359
	Transfer			20 Apr 2018	54148	3384980	0.8495
	Transfer			04 May 2018	17195	3402175	0.8538
	AT THE END OF THE YEAR					3402175	0.8538
12	HDFC TRUSTEE COMPANY LTD-HDFC EQUITY SAVING FUND	3163500	0.7939			3163500	0.7939
	Transfer			20 Jul 2018	(18000)	3145500	0.7894
	Transfer			27 Jul 2018	(2281500)	864000	0.2168
	Transfer			02 Nov 2018	121500	985500	0.2473
	Transfer			07 Dec 2018	139500	1125000	0.2823
	Transfer			28 Dec 2018	(279000)	846000	0.2123
	Transfer			15 Feb 2019	(47000)	799000	0.2005
	AT THE END OF THE YEAR					799000	0.2005
13	GHI LTP LTD	6114648	1.5345			6114648	1.5345
	Transfer			21 Dec 2018	(6114648)	0	0.0000
	AT THE END OF THE YEAR					0	0.0000

(v) Shareholding of Directors and Key Managerial Personnel:

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

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

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

Particulars	Secured Loans Excluding deposits				Unsecured Loans						Deposits	Total indebtedness
	ECB	term loan from bank	Cash Credit	Total	Buyer's Credit	ICD	OD	WCDL	Comm Paper	Total		
Indebtedness at the beginning of the financial year												
i) Principal Amount	5203.53	20000	18252.69	43456.22	51298.95	0	14538.36	5000	0	70837.31	1.35	114294.88
ii) Interest due but not paid	0	0	0	0	0	0	0	0	0	0	0.79	0.79
iii) Interest accrued but not due	10.32	133.43	1.59	145.34	79.52	0	0	1.1	0	80.62	0	225.96
Total (i+ii+iii)	5213.85	20133.43	18254.28	43601.56	51378.47	0	14538.36	5001.1	0	70917.93	2.14	114521.63
Change in Indebtedness during the financial year												
Addition	0	15000	0	15000	34592.41	114500	0	205500	145000	499592.41	0	514592.41
Reduction (incl Ex. Variation Difference)	5203.53	-15000	1886.73	-7909.74	85891.36	44000	14535.5	215500	145000	504926.86	1.25	497018.37
Net Change Indebtedness at the end of the financial year												
i) Principal Amount	0	20000	16365.96	36365.96	0	70500	2.83	0	0	70502.83	0.89	106869.68
ii) Interest due but not paid	0	0	0	0	0	0	0	0	0	0	0	0
iii) Interest accrued but not due	0	141.33	0.48	141.81	0	385.91	0	0	0	385.91	0	527.72
Total (i+ii+iii)	0	20141.33	16366.44	36507.77	0	70885.91	2.83	0	0	70888.74	0.89	107397.4
^ Cash Credit being a revolving facility, only the net change has been disclosed.												

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SN.	Particulars of Remuneration		
	Name	AMTiwari	Sujit Gulati
	Designation	Managing Director	Managing Director
1	Gross salary	Total Amount (Rs/Lac)	Total Amount (Rs/Lac)
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11.87	21.16
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	0.00	0.00
3	Sweat Equity	0.00	0.00
4	Commission	0.00	0.00
	- as % of profit	0.00	0.00
	- others, specify	0.00	0.00
5	Others, please specify	0.00	0.00
	Total (A)	11.87	21.16
Ceiling as per the Act		not applicable	

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

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

SN.	Particulars of Remuneration	Name of Directors					Total Amount (Rs.)
	Independent Directors	Shri D C Anjaria	Prof. Vasant Gandhi	Shri Ajay Shah	Shri Vijai Kapoor	Smt. Geeta Goradia	
1	Fee for attending board committee meetings	1,80,000	2,00,000	10,000	70,000	1,10,000	5,70,000
	Commission						-
	Others, please specify						-
	Total (1)	1,80,000	2,00,000	10,000	70,000	1,10,000	5,70,000
Other Non-Executive Directors		Dr. J N Singh	Shri Raj Gopal	Shri Arvind Agarwal			
2	Fee for attending board committee meetings	50,000	60,000	50,000			1,60,000
	Commission						-
	Others, please specify						-
	Total (2)	50,000	60,000	50,000			1,60,000
	Total (B)=(1+2)	2,30,000	2,60,000	60,000	70,000	1,10,000	7,30,000

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

SN.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (Rs/Lac)
	Designation	CFO	CS	
1	Gross salary	Rs.48.18 Lakhs	Rs. 47.89 Lakhs	96.07
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	
	-as % of profit	-	-	-
	-others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	Rs.48.18 Lakhs	Rs. 47.89 Lakhs	96.07

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/ punishments/ compounding of offences for the Financial Year ending 31/03/2019.

ANNEXURE "D" TO DIRECTORS' REPORT

Particulars of contracts/ arrangements made with related parties

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis. - There were no contracts or arrangements or transactions not at arm's length basis.

2. **Details of material contracts or arrangement or transactions at arm's length basis;** **(Rs. In Lakhs)**

Related Party	Nature of Relationship	Nature/Type of Related Party Transaction	Duration of the Contract	Salient Feature	Value of the proposed transaction
GSFC Agrotech Limited	Subsidiary Company	Purchase of goods	Not applicable	Not applicable	1,385.75
		Sale of materials/Goods			44,360.68
		Commission income			4.85
		Margin given			414.57
		Rent receipt			9.15
		Reimbursement of expense			80.98
		Expenses recovered			1,033.60
		Equity contribution			-
		ICD Received			1,000.00
		ICD Repaid			1,000.00
		Interest expense on ICD			46.69
		Dividend Received			48.00
		Outstanding balance-Payable			(757.64)
		Outstanding balance-Receivable			15,741.25
Vadodara Enviro Channel Limited	Associate Company	Usage of effluent channel	Not applicable	Not applicable	317.20
		Outstanding balance-Payable			22.71
Gujarat Green Revolution Company	Associate Company	Expenses recovered	Not applicable	Not applicable	165.30
		ICD Received			5,500.00
		ICD Repaid			5,500.00
		Interest expense on ICD			33.86
		Dividend Received			6.25
		Outstanding balance-Receivable			58.27
Karnalyte Resources Inc.	Associate Company	Expenses recovered	Not applicable	Not applicable	85.87
		Outstanding balance-Payable			15.72
Sh. Sujit Gulati	KMP	Remuneration	Not applicable	Not applicable	129.60
Sh. V.D. Nanavaty	KMP	Remuneration	Not applicable	Not applicable	
Sh. V. V. Vachhrajani	KMP	Remuneration	Not applicable	Not applicable	
GSFC Education Society	Related Party	Donation Granted	Not applicable	Not applicable	508.49
Tunisian Indian Fertilizers (TIFERT)	Government related Entity	Purchase of Material	Not applicable	Not applicable	33,545.39
		Expenses recovered			26.57
		Advance to vendor			7,027.18
		Outstanding balance-Payable			(1,357.10)
Indian Potash Ltd	Other Related Party	Purchase of Material	Not applicable	Not applicable	13,556.11
		Dividend Received			33.75
		Outstanding balance-payable			2,228.45
Gujarat Alkalies and Chemicals Ltd	Other Related Party	Purchase of Materials			2,401.10
		Sale of Product			1,242.51
		Expenses recovered			6.79
		Outstanding balance-payable			112.47
		Dividend Received			107.58
		Outstanding balance-receivable			108.13

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

Gujarat Industries Power Company Ltd	Other Related Party	Purchase of power	Not applicable	Not applicable	17,822.01
		Sale of power			187.47
		Dividend Received			603.79
		Expenses recovered			20.46
		Outstanding balance-Receivable			7.49
		Outstanding balance-Payable			8.91
Gujarat State Petroleum Corporation Ltd	Other Related Party	Purchase of Gas	Not applicable	Not applicable	3,854.86
		Fees for Services			5.90
		Outstanding balance-payable			99.99
Gujarat Narmada Valley Fertilizers Company Limited	Other Related Party	Purchase of Materials			585.96
		Fees for Services			34.17
		Sale of Material			6,909.14
		Dividend Received			2,308.44
		Outstanding balance-Payable			(14.62)
		Outstanding balance-Receivable			26.31
The Fertilizer Association of India	Other Related Party	Fees for Services			19.86
		Outstanding balance-payable			-

For and on behalf of the Board

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

Place: Fertilizernagar
Date : 22/05/2019

ANNEXURE "E" TO DIRECTORS' REPORT

Conservation of energy, technology absorption and foreign exchange earnings and outgo Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014.

A CONSERVATION OF ENERGY

Measures taken at Fertilizernagar, Vadodara Unit:

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

14K steam is used in Disulphonate Evaporator (E-415-5) to heat up the DS solution upto ~106°C in SO_2 Absorption & Hydrolysis Section (Sec. 415) of HX plant, Capro-I. Use of LPS (3K steam), which is in excess and being vented, was carried out in place of MPS (14K) at subject reboiler. It reduced steam generation load on Steam generation boilers. It resulted into annual NG saving of 41.6 Lacs SM^3 (Rs. 1331.2 Lacs).

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

A heat exchanger installed to preheat vapour Ammonia from ~25°C to 92°C by utilizing steam condensate being exported to GSFC grid. It reduced heat duty on salt furnace and thereby reduction in NG consumption for heating of molten salt. It resulted into annual NG saving of 1.6 Lacs SM^3 (Rs. 51.2 Lacs).

3) Use of Vapour Absorption Heat Pump (VAHP) at CQ Project, Caprolactam–II plant.

Use of STLV (1050 mbarg) carried out to operate VAHP. It reduced import of high pressure steam and thereby reduction in load on steam generation boilers. It resulted into annual NG saving of 22.4 Lacs SM^3 (Rs. 716.8 Lacs).

4) Use of LP Steam in Dryer Air heater at Urea-I plant.

Excess LPS (3K steam), which is being vented, is utilized as heat source, in place of MPS, in Dryer Air heater due to less moisture load and margin available in Dryer capacity. It resulted into reduction in load on steam generation boilers. It resulted into annual NG saving of 9.6 Lacs SM^3 (Rs. 307.2 Lacs).

5) Power Conservation in Oversize Mill M702B, APS Plant.

Use of compact space saver V belt system carried out and size of V pulley reduced. It resulted into annual power saving of 0.24 Lacs unit (Rs. 1.74 Lacs).

6) Power generation through Solar panel installation at roofs of various buildings at GSFC-HO.

Roof top solar panel installed on various buildings of plant control rooms to generate power. It resulted into less import of power and annual power saving of 13.02 Lacs unit (Rs. 94.37 Lacs).

7) Relocation of Level Control valve for stoppage of Cyclohexane (CX) pump, Anone plant, Caprolactam–II.

Relocation of Level Control valve enabled direct supply of CX product to CX oxidation section. It enabled stoppage of CX transfer pump, operated to supply CX from CX storage tank to CX oxidation section. It resulted into annual power saving of 0.44 Lacs unit (Rs. 3.19 Lacs).

8) Interconnection between condensers of Screw and IR Compressors in AST plant.

Supply of vapour ammonia to 4 nos. of condensers in place of 2 nos. of condensers, resulted into operation of Screw compressor with less back pressure. It required liquid ammonia side interconnection to recycle generated liquid ammonia back to system. It resulted into annual power saving of 2.0 Lacs unit (Rs. 14.5 Lacs).

9) Use of cooling water from CEP cooling tower to Ammonia Storage Plant.

Supply of CW from CEP cooling tower to Ammonia Storage Plant resulted into stoppage of CT at Ammonia Storage Plant. It resulted into annual power saving of 6.24 Lacs unit (Rs. 45.24 Lacs).

10) Power conservation in Nitrite Carbonate circulation Pump (P-414-2 A/B), HX plant.

Trimming impeller diameter from 322 mm to 300 mm of Nitrite Carbonate circulation Pump resulted into annual power saving of 0.16 Lacs unit (Rs. 1.16 Lacs).

11) Use of Energy efficient lighting.

Use of energy efficient lighting at various locations at GSFC HO i.e. 45W LED well glass fittings in place of 125W HPMV Well glass, 18W LED tube lights in place of Florescent tube lights at various places resulted into cumulative annual power saving of 1.89 Lacs unit (Rs. 13.73 Lacs).

12) Use of Energy efficient motors.

Use of energy efficient motors in ASP plants, ETP-I, Nylon-6-II plant and use of natural air circulation in place of operating blower at CEP substation resulted into cumulative annual power saving of 1.42 Lacs unit (Rs. 10.27 Lacs).

13) Replacement of DC motor with AC motor in Extruder in Compounding section, Nylon-6-I plant.

Drive motor of Extruder in Compounding Section replaced from DC drive to AC Drive with VFD controller. It resulted into annual power saving of 0.32 Lacs unit (Rs. 2.32 Lacs).

14) Replacement of Cooling Tower fan blades with high energy efficient fan blades, Nylon-6-I plant.

Replacement of 3 Nos. of Cooling tower fans from hollow FRP fan blades with E-Glass epoxy FRP fans (modified energy efficient fan blades). It resulted into annual power saving of 1.11 Lacs unit (Rs. 8.02 Lacs).

15) Optimization for operation of DMW supply pumps.

Optimization of operating conditions of DMW supply pumps was carried out at WT-II plant and thus one DMW supply pump could be stopped which resulted into cumulative annual power saving of 2.4 Lacs unit (Rs. 17.40 Lacs).

Above mentioned measures resulted into aggregate annual saving at a rate of 29.24 Lacs units Power (Rs. 211.94 Lacs) and 75.2 Lacs SM^3 NG (Rs. 2406.4 Lacs).

Measures taken at Sikka Unit:

1) In order to achieve energy saving, followings Major Steps were carried out during the F.Y. 2018-19.

By Energy Efficient Motors

1. Replacement of 01 No. 30 KW conventional motor by Energy efficient motor in PA Supply pump-C in Train-C.
2. Replacement of 02 No. 7.5 KW conventional motor by Energy efficient motor in Cooling Tower pumps in Train-C.

By Energy Efficient Lighting

1. Replacement of 200 Nos. 150 Watt HPSV Lamps By 60 Watt LED Lamps in Street Lights.
2. Replacement of 93 Nos. 32 Watt LONON Lamps By 12 Watt LED in ADM Building.
3. Replacement of 25 Nos. 250 Watt HPSV Flood Light By 150 Watt MH fittings in Various Plant area Lighting.
4. Replacement of 200 Nos. 50 Watt Ordinary TL with 20 Watt LED Tube light in Various Plant area Lighting.
5. Replacement of 40 Nos. Conventional with 50 Watt Energy Efficient UJALA Fans in Various offices.
6. Replacement of 28 Nos. 100 Watt GLS Lamps with 9 Watt LED UJALA Lamps in Various Plant area Lighting.
7. Replacement of 14 Nos. 125 Watt HPMV fitting By 40 Watt LED Lamp in Various Plant area Lighting.

Thus by adopting Energy efficient motors & lighting system annual power saving of 1.26 Lacs units achieved. This resulted into aggregate annual saving of Rs. 8.82 Lacs at a unit cost of Rs.7.00.

Above mentioned measures resulted into aggregate annual saving at a rate of 1.26 Lacs units Power (Rs. 8.82 Lacs).

Measures taken at Polymers Unit:

1) Utilization of power consumption from lowest slab tariff to higher slab tariff (incremental approach) from available sources i.e. Wind Power; GIPCL & MGVCL applied which leads to a saving of Rs. 77.80 Lakhs.

Above mentioned measures resulted into aggregate annual saving of Rs. 77.80 Lakhs.

Measures under consideration at Fertilizernagar, Vadodara Unit:

1) Generation of Flash steam at CVL Boiler.

It is under consideration to generate Flash steam of 14K (in place of present practice of generating 0.5K Flash steam) from blow down stream of 37K at CVL Boiler and to utilize low pressure steam, which is in excess and being vented, in place of 0.5K steam. Generated 14K steam will reduce NG consumption at Steam generation boilers. Anticipated annual NG saving is 0.77 Lacs SM^3 (Rs. 24.58 Lacs).

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

Process Feed is preheated from ~50 °C to ~99 °C in existing Feed preheater, resulting into steam (37K) saving. It is proposed to further pre-heat stream from ~99 °C to ~130 °C using excess LPS (3K steam), which is in excess and being vented. It will result in reduction of steam generation load on Steam generation boilers. Anticipated annual NG saving is 0.70 Lacs SM^3 (Rs. 22.4 Lacs).

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

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

4) Replacement of two pumps at ETP.

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

5) Replacement of cooling water pump at AST.

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

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

It is proposed to preheat HPNG feed to HPNG Heater furnace (F-101) to reduce the heat duty of the furnace by recovering heat from process stream which was being cooled by Cooling water. Anticipated annual NG saving is 2.16 Lacs SM^3 (Rs. 69.12 Lacs).It is proposed to carry out use of LPS (3K steam), which is in excess and being vented, to preheat Process air from ~40°C to ~108°C which would reduce consumption of NG Fuel in Process Air heater Furnace (F-202). Anticipated annual NG saving is 1.12 Lacs SM^3 (Rs. 35.84 Lacs). Total anticipated annual NG saving is 3.28 Lacs SM^3 (Rs. 104.96 Lacs).

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

It is under consideration to generate Flash steam of 4K (in place of present practice of generating 0.5K Flash steam) from blowdown stream of 37K at A-III plant. Generated 4K steam will be utilized in reboiler and reduce NG consumption at Steam generation boilers. Anticipated annual NG saving is 2.56 Lacs SM^3 (Rs. 81.92 Lacs).

8) Preheating of KA oil feed to Distillation column (K150) for energy conservation in Anone-II Plant, Capro-II.

It is under consideration to preheat KA oil with process stream, which otherwise rejecting heat to CW. It will reduce steam consumption in distillation column and reduce NG consumption at Steam generation boilers. Anticipated annual NG saving is 2.24 Lacs SM^3 (Rs. 71.68 Lacs).

9) Steam saving by replacing existing Ejector with energy efficient Ejector, at Urea I Plant:

It is under consideration to use New energy efficient ejectors to enhance the efficiency of operation and thereby to achieve steam saving. It will reduce steam consumption and reduce NG consumption at Steam generation boilers. Anticipated annual NG saving is 2.88 Lacs SM^3 (Rs. 92.16 Lacs).

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

Measures under consideration at Sikka Unit:

1) **By Energy Efficient Motors**

   1. Replacement of 02 No. 30 KW conventional motor by Energy efficient motor for PA Supply pump A & B of Train-C.
   2. Replacement of 02 No. 37 KW conventional motor by Energy efficient motor for Instrument Air Compressor-SST & Ammonia Transfer pump-MK.

2) **By Energy Efficient Lighting**

   1. Replacement of 50 Nos. 150 Watt MH Lamps By 70 Watt LED Flood Lights in Various Plant area Lighting.
   2. Replacement of 50 Nos. 250 Watt MH Lamps By 85 Watt LED Flood Lights in Various Plant area Lighting.
   3. Replacement of 50 Nos. 125 Watt HPMV lamp By 27 Watt LED Lamps in Various Plant area Lighting.
   4. Replacement of 50 Nos. 70 Watt MH lamp By 27 Watt LED Lamps in Various Plant area Lighting.
   5. Replacement of 100 Nos. 50 Watt Ordinary TL fittings with 20 watt LED Tube light in Various Plant area Lighting.
   6. Replacement of 60 Nos. 150 Watt HPSV Lamps with 60 Watt LED Fittings in Various Plant area Lighting.
   7. Replacement of 200 Nos. 35 Watt CFL Lamps By 12 W LED Lamps in Various Plant area Lighting.

Measures under consideration at Polymers Unit:

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

B CONSERVATION OF RAW MATERIAL AND CHEMICALS

Measures taken at Fertilizernagar, Vadodara Unit

1) **Replacement of 9th to 12th Tray in K145 Saponification column, Anone plant, Caprolactam-II.**

   Saponification column stripping section top four variable opening type valve trays replaced with fixed opening type of trays. It has provided more operational stability besides avoiding losses of Anone & Anol in Alkaline waste stream. Total annual Anone saving is to the tune of 10 MT (Rs. 10 Lacs).

2) **Raw water conservation through installation of Effluent Collection pit & pump at SG-II Plant.**

   An Effluent Collection pit was installed to recover Process water (PW) supplied to various machineries and sample coolers and condensate generated in Steam generation plant. Recovered PW and condensate supplied to Raw water tank for reutilization purpose. It resulted into less RW makeup requirement by 1.28 lac M^3/year (Rs. 25.5 Lacs).

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

TOTAL ENERGY CONMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION

FORM-A

Form for disclosure of particulars with respect to Conservation of Energy : 2018-19

(A) POWER AND FUEL CONSUMPTION

PARTICULARS	2018-19	2017-18
1. Electricity		
A. PURCHASE		
UNIT: MWH	361759	334597
AMOUNT Rs. in Lacs	28817	21591
Rate Rs./KWH	7.97	6.45
B. Own Generation		
Unit: MWH	27401	57519
KWH Per Ltr. of Fuel/Gas	7.31	6.60
Cost Rs./KWH	3.02	3.57
2. LSHS, FO, LDO		
QUANTITY – MTs	57	256
Amount Rs. in Lacs	40	126
Average Rate Rs./MT	70881	49221
3. NATURAL GAS		
Quantity in '000 SM3	130555	136349
Amount Rs. in Lacs	36817	28512
Average Rate 1000/SM3	28200	20911

C TECHNOLOGY ABSORPTION

EFFORTS MADE IN TECHNOLOGY ABSORPTION

As per enclosed FORM – B

D FOREIGN EXCHANGE USED AND EARNED : 2018-19

Foreign Exchange Outgo :

	Rs. Lakhs
(i) C.I.F. VALUE OF IMPORTS	
(a) Raw Materials	199033.79
(b) Stores & Spares	3739.90
(c) Capital Goods and High Sea Purchases	1256.88
(d) Stock In Trade	150573.22
TOTAL (i)	354603.79
(ii) EXPENDITURE IN FOREIGN CURRENCY	
(a) Interest	998.17
(b) Technical Asstt./Know How	482.88
(c) Others	215.33
TOTAL (ii)	1696.38
TOTAL (i) + (ii)	356300.17

Foreign Exchange Earned :

FOB VALUE OF EXPORT OF	Rs. Lakhs
Caprolactam	82.73
Hydroxyl Amine Sulphate Crystal	4.06
MEK Oxime	4648.55
Nylon	103.85
Ammonium Sulphate	311.18
Ammonium Phosphate Sulphate	1463.75
TOTAL	6614.13

(B) CONSUMPTION PER UNIT OF PRODUCTION

Sr. No.	Product	Power 2018-19 KWH	Power 2017-18 KWH	Steam 2018-19 MTs	Steam 2017-18 MTs	Natural Gas 2018-19 SM³	Natural Gas 2017-18 SM³
1	Ammonia	377	431	-1.309*	-1.336*	879	871
2	Sulphuric Acid	36	33	-0.871*	-0.837*	0.075	0.116
3	Phosphoric Acid	282	282	2.019	1.753	0.911	0.887
4	Urea	169	170	1.432	1.457	0	0
5	ASP	43	41	0.064	0.065	8.789	8.913
6	Melamine	1756	1696	6.821	6.815	376	367
7	Caprolactam (Old)	1971	1998	5.690	6.753	83.421	82.518
8	Caprolactam (Exp.)	1360	1403	5.573	5.537	32.352	38.597
9	Nylon – 6	767	833	2.046	2.560	0	0
10	ACH	0	0	0.000	0.000	0	0
11	Monomer	961	960	3.172	2.921	0	0
12	MAA	480	441	3.429	3.530	0	0
13	AS	55	55	0.522	0.476	0	0
14	Sheets	0	0	0.000	0.000	0	0
15	Pellets	0	0	0.000	0.000	0	0
16	DAP (SU)	68	71	0.015	0.021	6.814	7.787
17	NPK (10:26:26) (SU)	69	70	0.015	0.023	11.596	11.521
18	NPK (12:32:16) (SU)	65	63	0.015	0.021	10.094	10.659
19	NPK (20:20:0:13) (APS) (SU)	76	80	0.017	0.021	17.346	18.134
20	Nylon Chips	-	1747	-	-	-	-
21	Nylon Filament Yarn	-	5418	-	-	-	-

* -ve indicate Export from Plants.

FORM-B

Form for disclosure of particulars with respect to Technology Absorption: 2018-19

Research & Development (R&D):

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

(2) BENEFITS DERIVED:

(A) Development of New Products/New Processes:

1. Gypsum Plus: A fertilizer cum soil conditioner enriched with Micronutrients like Boron, Zinc & Magnesium. The product is rich in Calcium and sulphur and also contains P_2O_5 which is beneficial to field crops, oil seeds & fruit crops. The process for manufacture of Gypsum Plus is filed for patent.
2. Boronated NPK 12: NPK grade 12-32-16 is being manufactured at Sikka Unit. R&D has developed a process to manufacture Boronated NPK 12:32:16 containing 0.3% Boron. Boronated NPK grade 12-32-16 is a Complex Fertilizer for supply of all three Major Nutrients like Nitrogen, Phosphorus and Potash along with micronutrient Boron.
3. Synthesis of FCO grade Calcium Nitrate from Phosphogypsum: R&D has developed an innovative and safe process for manufacturing of FCO grade Calcium Nitrate by utilization of Phosphogypsum as a raw material. The process is already established at laboratory scale and technology is ready for deployment at pilot scale.
4. Ammonium Sulphate Granules: Application of crystalline ammonium sulphate is associated with major draw backs due to irregularity in crystal shape, smaller grain size, poor flow characteristics, agglomeration etc. R&D developed **a** Process for manufacture of Ammonium Sulphate (FCO Grade) in granular form for ease of application and safe usage. Currently Ammonium Sulphate granules are imported in India. The process being innovative and first in India, it is filed for patent.
5. Hexamethoxy Methyl Melamine (HMMM) Resin: Developed a process for manufacture of Resin from melamine, which is import substitute for rubber, tyre cord and conveyor belt industries.
6. SAG GOLD: Developed a modified version of SAG with addition of Micronutrients as per GoI approved G-5 Micronutrient mixture to meet with requirements of micronutrients in Indian soil. It is a rich source of Fe, Mn, Cu, Zn and B with Cereal Protein Hydrolase and applicable to all crops. The process for manufacture of SAG GOLD is filed for patent.
7. Zeolite based Bio Fertilizer: Developed a Zeolite based biofertilizer with mycorrhiza, soil fungi that allow plants to draw more nutrients and water from the soil, they also increase plant tolerance to different environmental stresses and provides protection to plant roots and stimulate microbial activity.
8. Water Dispersible Sulphur: Developed a micro granular product with 90% Micronized Sulphur Powder added with dispersion and wetting agents for long lasting availability of Sulphur to plants. The process for manufacture of Water Dispersible Sulphur is filed for patent.

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

1. On critical equipments of various plants, in-situ metallography at 250 locations was done for condition monitoring. This has enabled in assessment of possible damage as well as monitoring degradation of material operating at high temperatures/stress conditions.
2. Failure Analysis of 13 components from various plants was carried out which has helped in selection of better MOC and optimization of process parameters to avoid future failures and reducing down time of plants.
3. Corrosion and microbial monitoring of cooling tower water at various plants resulted in efficient running of plants.
4. Ferrography of lube oil samples for assessment of condition of rotating machinery, oil contamination and oil-replacement frequency.
5. Metallurgical input is rendered for material related problems like heat treatment, welding, import substitution etc.

(3) FUTURE PLAN OF ACTION:

1. To start large scale production Units of SAG Gold, Calcium Nitrate, S90 WDmG, Boronated NPK, NPK Biofertilizer and HMMM and inclusion of these products in GSFC product basket.
2. To develop a process for manufacture of Butylated Melamine Resin, which is widely used in paint and coatings industry.
3. Development of Anticaking Agent, to be used for enhancing anticaking properties of NPK fertilizers.
4. To develop a process for manufacture of Potassium Gluconate with bio Potash Granules with micronutrient as a source of organic potash to plants.
5. To develop a process for manufacture of SMMA (Styrene-methylmethacrylate copolymer), which finds widespread application in homeware, such as water filters, water tanks and in optical applications and displays.
6. Development of Zinc Oxide Suspension as an inorganic micronutrient fertilizer used as a rich source of Zinc to plant for better yield.
7. Development of NPK Fertilizers: Develop formulation & process for manufacture of various FCO grade NPK fertilizers to increase products in GSFC product basket.
8. Fortified NPK Fertilizers: Develop process for manufacturing of fortified fertilizers with Boron & Zinc. These fertilizers will reduce the gap of micronutrients in rapidly declining nutrients in Indian soils.
9. To develop a process for utilization of lean/low grade rock phosphate for production of Phosphoric Acid.

(4) EXPENDITURE ON RESEARCH & DEVELOPMENT:

		₹ in Lakhs
(a)	Capital	20.83
(b)	Recurring	906.34
(c)	Total	927.17
(d)	Total R & D Expenditure as a percentage of Gross Sales	0.11%

Technology Absorption, Adoption and Innovation:

In-house Technology:

- Gypsum Plus granules launched in market with an initial production of 300 MT. Large scale production on continuous basis is planned.
- Boronated NPK launched in market with a trial production of 150 MT. Large scale production on continuous basis is planned.
- 1 MT of Calcium Nitrate granules produced for market seeding.

ANNEXURE "F" TO DIRECTORS' REPORT

BUSINESS RESPONSIBILITY REPORT (BRR)

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	**Corporate Identity Number (CIN) of the Company**	:	L99999GJ1962PLC001121
2.	**Name of the Company**	:	Gujarat State Fertilizers & Chemicals Limited
3.	**Registered Address**	:	P. O. Fertilizernagar, Dist: Vadodara, Gujarat, India
4.	**Website**	:	www.gsfclimited.com
5.	**E-mail ID**	:	vishvesh@gsfcltd.com
6.	**Financial Year Reported**	:	2018-19

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

Fertilizers & Industrial Production

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

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

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

i. Caprolactam

ii. DAP

iii. Urea

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

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

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

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

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

In addition to serving Indian markets at Local, State and National level, GSFC exported its products to countries worldwide during the year ended on 31st March, 2019.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid-up capital (INR): 79.70 Crores

2. Total turnover (INR): 8575 Crores

3. Total profit after taxes (INR): 494 Crores

4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 2.23% of PAT

5. List of activities in which the Corporate Social Responsibility (CSR) expenditures have been incurred:

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

1. Rural transformation
2. Environment
3. Health
4. Education

SECTION C: OTHER DETAILS

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

Yes, Company has one direct subsidiary and one indirect subsidiary as on 31st March, 2019.

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

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

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?

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

SECTION D: BUSINESS RESPONSIBILITY INFORMATION

1. Details of Director/ Directors responsible for BR

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

DIN Number: : 00177274

Name: Sujit Gulati

Designation: Managing Director

b. Details of the BR head;

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

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

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

Following are the brief summary of Principles as per NVGs;

P1 Business should conduct and govern themselves with Ethics, Transparency and Accountability

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

P3 Businesses should promote the well-being of all employees

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

P5 Businesses should respect and promote human rights

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

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

P8 Businesses should support inclusive growth and equitable development

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

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

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

2	Has the Policy being formulated in consultation with the relevant stakeholders? Refer Note1	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The spirit and contents of the Code of Conduct and all the applicable laws and standards are captured in the policies articulated by your Company. The policies are based on and are in compliance with the applicable regulatory requirements and International Standards.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/CEO/ appropriate Board Director?	Y (It is signed by the Managing Director)	Y (It is signed by the Managing Director)	Y (It is signed by the Managing Director)	Y (It is signed by the Managing Director)	Y (It is signed by the Managing Director)	Y (It is signed by the Managing Director)	Y	Y (It is signed by the Managing Director)	Y
		As per Good Corporate Governance practice, all the policies are noted by the Board. The Board authorizes Senior Officials of the Company to authenticate such policies and make necessary changes whenever required.								
5	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The implementation and adherence to the Code of Conduct for Employees is overseen by the Human Resource and Internal Audit Function respectively. The Corporate Social Responsibility Policy is administered by the CSR Committee in line with the requirements of the Companies Act, 2013. The EHS Policy is overseen by the Supply Chain, Manufacturing and the Research & Technology Function.								
6	Indicate the link for the policy to be viewed online?	Please refer corporate governance report for link.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? Refer Note 2:	Y	Y	Y	Y	Y	Y	Y	Y	Y

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

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

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

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

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

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

3. Governance related to BR

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

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

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

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

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

Principle 2

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

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

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

1. **Use of Low Pressure Steam (LPS) at reboiler in Disulphonate (DS) evaporator HX plant, Capro-I:**

   14K steam is used in Disulphonate Evaporator (E-415-5) to heat up the DS solution upto ~106° C in SO_2 Absorption & Hydrolysis Section (Sec. 415) of HX plant, Capro-I. Use of LPS (3K steam), which is in excess and being vented, was carried out in place of MPS (14K) at subject reboiler. This resulted into a reduction of steam generation load on Steam generation boiler thereby reducing the quantity of fuel - Natural Gas (NG) used for combustion in the boilers. The resultant annual NG saving is 41.6 Lacs SM^3 equivalent to Rs. 1331.2 Lacs and instantaneous payback period. As quantity of NG used for combustion is reduced, corresponding flue gas emissions containing green house gases gets reduced.

2. **Installation of Ammonia Preheater, Melamine-I Plant:**

   A heat exchanger installed to preheat vapour Ammonia at Melamine-I plant from ~25°C to 92°C by utilizing steam condensate being exported to GSFC grid. It reduced heat duty on salt furnace and thereby reduction in NG consumption for heating of molten salt. It resulted into annual NG saving of 1.6 Lacs SM^3 equivalent to Rs. 51.2 Lacs and payback period was 2 months only. As quantity of NG used for combustion is reduced, corresponding flue gas emissions containing greenhouse gas reduces.

3. **Raw water conservation through installation of Effluent Collection pit & pump at SG-II Plant.**

   An Effluent Collection pit was installed to recover Process water (PW) supplied to various machineries and sample coolers and condensate generated in Steam generation plant. Recovered PW and condensate is supplied to Raw water tank for reutilization purpose. This resulted into less Raw Water makeup requirement by 1.28 Lacs M^3/year equivalent to Rs. 25.5 Lacs which is an important natural resource. The modification was implemented with a payback period of 9 months.

Principle 3

Businesses should promote the well-being of all employees

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

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

1. Total number of employees: 3766 (256 - Sikka, 185 - Polymers, 2977- Baroda, 348 - Fibre)
2. Total number of employees hired on temporary/contractual/casual basis: 159 (Sikka - 8, Baroda - 151)
3. Number of permanent women employees: 143 (Sikka - 2, Polymers - 1, Baroda - 138, Fibre - 2)
4. Number of permanent employees with disabilities: 44 (Sikka - 4, Baroda - 34, Fibre - 6)

- The company has its union of staff employees under the name and style :
  - I. Baroda Unit : "GSF Employees' Union".
    "GSFC Employees Union"
  - II. Polymers Unit : GSFC Limited - Polymers Unit Employees Union
  - III. Fibre Unit : Gujarat Nylons Employees Union
  - IV. Sikka Unit : Gujarat State Fertilizers & Chemicals (Sikka Unit) Employees' Union

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

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

1. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year for all units.

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

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

Units	Permanent Employees	Permanent Women Employees	Casual/ Temporary/ Contractual Employees	Employees with Disabilities
Sikka	Safety Trg.: 85% Skill Trg.: 45%	Nil	Safety Trg.: 90%, Skill Trg.: Nil	Safety Trg.: 90%, Skill Trg. : Nil
Polymers	61%	100%	55%	100%
Baroda	159%	100%	100%	39.3%

Principle – 4

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

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

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

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

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

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

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

Principle – 5 Business should respect and promote human rights

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

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

Principle – 6

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

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

GSFC is deeply committed to satisfy its social obligations and has made consistent and effective endeavours for creating better environmental conditions through abatement of pollution and adopting sustainable development practices. With the objective of combating climate change, GSFC aligns its business objectives with practices of resource conservation and environment protection. Regular technological initiatives are pressed into service with great vigour to improve and retain the purity of air, water and soil. GSFC has always remained in forefront to make the company green & clean by Landscaping, development of large & beautiful gardens within the complex & in colony and massive Green belt in 118 Ha areas (@ 36% of the total land area).

Our Company has consistently managed and improved the environmental performance. We are sensitive to our role both as user of natural resources and as a responsible producer of Fertilizers & chemicals based products for society. Over the last two decades, our efforts to manage water, energy and material resources have yielded positive results. The manufacturing facilities have established ISO 14001 based Environment Management System. Potential Environment aspects have been identified as a part of EMS. Any deviations from laid down policies and procedures are tracked and reviewed by effective procedures of Corrective Action and Preventive Action (CAPA). GSFC has installed Online round the clock monitoring facility for treated effluent discharge parameters, ambient air and stack air emissions for efficient and better control of pollution. SO_2 and Ammonia gas detectors are also installed in various process plants for monitoring of gaseous emissions at source and subsequently better control and implementation of proactive corrections.

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

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

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

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

The emissions/waste generated by our Company is within the permissible limits given by Gujarat Pollution Control Board for the financial year being reported. No Show cause notice is received from GPCB or CPCB.

In FY 2018-19, various energy conservation schemes have been implemented for utilization of Low Pressure Steam of ~2.5 kg/cm^{2}g, which otherwise being vented to the atmosphere, in place of high pressure steam in ejectors, Heat exchangers, steam coils etc. of different plants. This resulted in reduction of load on Steam generation boilers and thereby saving of Natural Gas (NG) fuel. In addition to this, other undertaken measures for improvement in energy efficiency are, optimization of NG fired natural draft furnace, installation of energy efficient pumps, impeller trimming of pumps having process margin, optimization of pump operation, review and revising value of maximum demand as per the plant operation, etc.

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

Principle – 7

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

Your Company has maintained a fair degree of transparency through timely and adequate disclosure of information to the public and regulatory bodies. Your Company articulates the larger interest of industry and the community at industrial forums. As on 31st March, 2019 your Company is a member of following prominent trade associations viz. Confederation of Indian Industries (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), Federation of Gujarat Industries (FGI), The Fertilizer Association of India (FAI). All India Plastic Manuf. Association, Baroda Productivity Council, British Safety Council, UK P 470, Employees Federation of India, EXIM Club, Indian Chemical Council, Indian Council of Arbitration, National Safety Council

Principle – 8

Businesses should support inclusive growth and equitable development

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

The CSR projects at GSFC are undertaken through the ideal blend of in-house as well as support of specialized implementing agencies/NGOs. Company has carried out the impact assessment of its CSR initiative. The contribution towards CSR for the F.Y. 2018-19 was to the tune of Rs 11.01 Crores. GSFC is not restricting to 2% as mandated to achieve its CSR objectives; which is clearly shown in detail as CSR report forming part of the Director's Report.

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

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

Principle – 9

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. MACRO-ECONOMIC REVIEW: 2018-19

Even under the shadow of rising oil prices, geo-political tension and several other global headwinds, Indian economy is estimated to achieve a growth of 7.2 per cent in 2018-19, higher as compared to 6.7 per cent achieved in 2017-18. Economy is witnessing such a high growth consistently on the strength of ongoing structural reforms, macro-economic stability, fiscal discipline, improved services and financial inclusion. Various economic reforms undertaken in the year under review, include: push to infrastructure development, special support plans for Micro, small and medium enterprises; enhanced minimum support prices (MSP) for farmers, lower income tax for the companies with annual turnover up to Rs.250 Crore and other administrative measures to improve ease of doing business. Consolidation in Banking reforms and Insolvency & Bankruptcy Code (IBC) has institutionalized a resolution friendly mechanism, which helped in accelerating recovery of non-performing loans & also health of the public sector banks. Reforms in real estate regulations through RERA act & Benami Transaction Act helped in bringing transparency in the real estate sector to considerable extent. Continuous review on GST rates made the life of small entrepreneurs as well as poor and middle class consumers comfortable, without sacrificing the pace of growth in tax collection.

Besides generating high economic growth, country could successfully manage the issues of inflation and fiscal deficit. The consumer price inflation has also been addressed meticulously and moderated to 3.7% in first 9 months of fiscal 2018-19 as against over 10% rate of inflation observed few years back in the past up to year 2014-15. Similarly, fiscal deficit has been gradually brought down to 3.4% in 2018-19, from the high of over 6% observed in the past. The fiscal deficit so arrived at is in line with what it was budgeted for 2018-19 @ 3.3 %. Current account deficit is managed to 2.5 % of GDP, which used to be over 5% before 5-6 years. The GVA (gross value added) at constant basic prices is estimated to grow at 7.0 per cent in 2018-19, as compared to 6.5 per cent achieved in 2017-18. The growth in agriculture, industry and services sector is estimated to be 3.8 per cent, 7.8 per cent and 7.3 per cent respectively in 2018-19. Contribution of agriculture, Industry & Service sector in the overall economic growth in terms of GVA is registered at 16%, 30% & 54% respectively. There has been a noticeable improvement in fixed investment and exports of goods and services during the year under review.

Now, Universally India is recognized as a bright spot of the global economy. Country witnessed its best phase of macro-economic stability in the recent years. From being 11th largest economy few years back, today India has emerged as 6th largest economy in the world. With consistency in reform process & resultant growth reflected in economy, India is strongly emerging as an important player in the world economy. World Bank in its recent report on Ease of Doing Business – 2019, ranked India at 77th position in 2018 from 100th position last year. This will encourage further inflow of investments in India.

Indian Agriculture sector:

Agriculture is the primary source of livelihood for about 58% of the India's population. It accounts for 16 per cent of the total GVA, which comes to about Rs.18.53 trillion in FY 2018-19 and it appears that India is likely to achieve the ambitious goal of doubling farm income by 2022 set by present Government. In spite of rapid development in non-agriculture sectors in India, agriculture continues to be the main driver of the rural economy. Understanding this fact, the present government has prioritized its efforts for growth in agriculture and initiated various special programmers for this sector includes widening the irrigation base, access to farm credit, food processing, integrated platform for output markets, mentoring agri-enterprenuers, agriculture exports, increased minimum support price (MSP), Transport and marketing assistance for farm produce, warehousing cost, storages, soil health cards, Fasal Bima Yojna to secure the farmers against natural calamities and other non-farm activities to support the income of farmers.

At the sectoral level, growth of agriculture & allied sectors is estimated to remain @ 3.8%, little higher than 3.4% recorded in previous year and close to targeted growth of 4% pegged for agriculture sector. Agriculture remains a dominant sector of Indian economy, both in terms of contribution to aggregate economy and also as a source of employment to millions across the country. Over last few years, India has emerged as a significant agriculture exporter in commodities like cotton, rice, meat, oil meals, pepper and sugar. However, growth in agriculture largely depends on performance of south west monsoon in India as even today the 60 per cent of agriculture in the country is rainfall dependent.

Contrary to the forecast made about receiving "Normal to above Normal rains" south-west monsoon has ended with "below normal rainfall" to the tune of 91% of long period average (LPA) rains. Rainfall for the monsoon season – 2018 was recorded at 804 mm as against the normal rains of 888 mm, deficit by 9%. After an encouraging early start of the rains in June'18, it turned unfavorable – both in terms of overall quantum of rains & its distribution in the country. June ended with deficiency of 5% that increased in July to 6% and further to 8% in August & large deficit of 22% in September. In many parts of Central & Northern states, monsoon has started late and withdrawn little early in September, leading to moisture stress conditions for Kharif crops, right at the maturity stage. Overall, 12 meteorological divisions of the country, representing about 1/3rd of the total geographical area received deficit rains. Gujarat was one of the worst affected states with large deficit of 24%. Out of 33 districts, rainfall was reported normal only in 9 districts and it was severely deficit in rest of the districts; mainly comprising of Saurashtra, Kutchh and North Gujarat region. In other operational states, west Rajasthan, Marathawada region, Rayalseema, Northern Karnataka, Bihar & Jharkhand remained critically deficit. Overall on account of delayed & deficit rains shrinkage to the tune of 2% (1052 Lakh Hac.) was observed in the Kharif sowing area. Sluggish performance of the monsoon has impacted sowing of major crops like Pulses, Rice, Coarse cereals and cotton with higher magnitude by 4%, 2%, 6% and 2% respectively.

Rabi season started with limited soil moisture status & water storage levels for irrigation were reported to the tune of 73% (118 BCM) of its capacity in the country on account of subdued rains received in the monsoon season. Higher temperature prevailed during October/November'18 has further impacted the available moisture status in the soil. Late harvest of Kharif crops & also subsequently late onset of winter has delayed the sowing process of Rabi crops. Sowing of Rabi crops declined by about 4% (618 Lakh Hac.), with major decline in plantation of Rice, Pulses & Coarse cereals. Situation was bad in the rain-fed states like Gujarat, Maharashtra, Karnataka etc, where sowing has taken place in about 80-85% of the normal area, with large deviation in area under main crops such as wheat, Sugarcane, Cereals etc.

Overall sowing area in agriculture year 2018-19 has been compressed by 3% @ 1670 Lakh Hac, with large deviations in area under main crops such as wheat, Rice, Cereals, Oilseeds etc. On account of subdued seasonal prospects, sentiments at farmers' level have remained quite low and agriculture year 2018-19 is unlikely to display encouraging performance. As per the advance estimates of food grains production released recently, after achieving record production in 2017-18, reversal in the food production is likely to be witnessed in 2018-19 with estimated production of 281.4 million tons, decline by 1.2%.

Performance of Fertilizer Industry in India:

2018-19 started with a happy note of prediction of better monsoon and moderate fertilizer stocks in the market. Although arrival of monsoon has delayed in central & northern states, demand of fertilizers, especially through state marketing federations has started little early in most markets so as to secure adequate availabilities in time. During the initial time of H1-18/19, supplies have remained neck to neck with respect to demand and business environment for fertilizer sector remained quite conducive till mid of Kharif season. But, at a later time with improved fertilizer demand prospects in the world market, especially from developed countries & continuous spurt in world oil prices as well as depreciation of rupee value, import prices of both, raw materials and finished fertilizers have started showing upward trend. Besides increase in prices, availability of adequate quantities of raw materials remained critical during most part of the year, which has impacted the production efficiency of Indian manufacturers. Although performance of monsoon was not encouraging, with considerable decline in domestic production, imports of P&K fertilizers like DAP surged steeply in H1-18/19 to make up the availability. Second half of the year began with a note of lower stocks of fertilizers in the market & moderate imports in the pipe-line, which, initially helped to clear the back-log pending stocks with the channels. However, sudden & steep depreciation of rupee value close to Rs.74/US $ taken place by October/ November'18 has increased the landed cost of phosphatic fertilizers/raw materials to considerable extent. Increase in landed cost of fertilizers & raw materials, coupled with higher exchange rate, compelled fertilizer industry to increase selling prices of P&K fertilizers in the range of 20-25% during the year under review, which has started showing resistance at farmers' level. Prices of NPK products have increased even with higher magnitude as import prices of MOP alone, one of the ingredients to make NPKs have increased by about 25% in FY 2018-19. Relatively, domestic manufacturers have experienced more heat as compared to importers of finished fertilizers. At instances imports were fetching better margins as compared to making DAP in the country. This has prompted for higher imports of DAP in India during 2018-19.

Individually, production of DAP has declined by 16 per cent, whereas, its imports surged substantially by 57 per cent. With increased MRP, demand has tilted more towards NPKs from DAP. Products like APS remained in better demand. Moreover, under the situation of inadequate availability of Phosphoric acid, in order to make overall higher volumes, manufacture of NPK products increased @ 9 per cent and also its imports rose by same magnitude in 2018-19. In case of Urea, practically production remained stagnant close to 240 Lakh MT, however, its import has been accelerated by GoI considerably in the later half of the year and overall imports of Urea increased by 25 per cent in 2018-19. Sales of DAP attained moderate growth of 6 per cent, whereas, that of NPK products has increased by 7%. Sales of Urea have registered growth of 5 per cent.

With opening up of real demand at retail level in the market and clearance of major back-log stocks with retailers from mid of the FY 2018-19, PoS sales has started picking up since October'18 onwards and industry could able to avail subsidy under DBT scheme. However, still the compliance under DBT is not adequate and in general the working capital requirement of the industry has been increased considerably as compared to pre-DBT time. In order to ensure DBT compliance effectively, companies are expanding their dealer's net-work, appointing more number of fragmented retailers, selling small-small quantities rather than big wholesalers. Even some of the companies having co-operative background & used to market their products only through co-operatives have started appointing private dealers under its subsidiary in various states. In fact, over a period, there have been some improvements in DBT compliance, but still industry continue to encounter various issues such as system downtime, recording wrong details of transactions and performing sales outside PoS machines by retailers, leading to non-consideration of such sales quantities for subsidy purpose.

Availability of adequate rail rakes has remained quite critical during peak demand time. Importers were constrained to hold stocks on ports for want of rakes during major time of the year under review.

Import prices of DAP have surged from the level of US $ 410-415 in the beginning of FY-2018-19 to US $ 430-435/MT by mid of the FY-2018/19. Major imports of DAP in India have taken place at the rate of US $ 430/MT during the year. In the later half of the year, on account of subdued prospects for Rabi season and also with steep depreciation of rupee value, import prices have started declining and touched to US $ 416/MT by December'18 and even below US $ 400/MT by March'19. Import prices of PA have gone up from US $ 678/MT in the beginning of the year to US $ 758/MT in Q2-2018/19, US $ 768/MT by Q3-2018/19. However, with declining DAP prices; PA prices also got corrected to US $ 750/MT in the last quarter of 2018-

19. Prices of Ammonia have experienced an upswing of 20% during the 1st half of 2018/19 and prevailed in the range of US $ 356-380/MT. However, in the later half, Ammonia prices have corrected sharply and declined to the level of US $ 350/MT by December'18 and US $ 290/MT by Mar'19.

GSFC's performance FY 2018-19:

Although rains have remained deficit in the monsoon season 2018-19, with large deficit in our home market as well as part of primary market such as Maharashtra and market environment remained quite competitive for fertilizer sector during 2018-19, GSFC could exhibit remarkable growth in agri-business sector and achieved record fertilizer sales (including trading) of 25.79 Lakh MT, which are all time higher sales in the history of GSFC. It is higher by about 5.71 LMT over 2017-18 (20.08 LMT), exhibiting growth of 28%. With such sales volumes, GSFC has emerged as 8th largest fertilizer supplier in the country with overall contribution of 5% in total fertilizer consumption. Individually, achieved all time highest sales of Ammonium Sulphate (4.35 LMT) and Urea (8.75 LMT). Availability of Urea through import handling at Rozi port helped us in increasing overall sales volumes of fertilizers. Although availability of Phosphoric acid remained as constraint in 2018-19, consistency has been maintained in Phosphatic Fertilizers production at Sikka unit, with marginal reduction by 1%, which helped in achieving overall DAP sales of 7.45 LMT, including imports, which is the highest sales of DAP achieved in last five years. Volume of Fertilizers traded products @ 9.80 LMT is all time highest sales. Taking the cognizance of changing buying preference towards customized NPK products from DAP, GSFC is increasingly concentrating to raise the volumes of NPK products and achieved record NPK sales of 1.84 LMT. Our sales in the home market of Gujarat (10.05 LMT) and also in primary market (6.75 LMT), comprising of Maharashtra, MP, Rajasthan & Chhattisgarh, is all time highest. Such market segments Home market of Gujarat and primary market fetches better economy for the Company. Overall Company has sold about 65% of the total volumes in Primary market of Gujarat and surrounding states in 2018-19.

This has been made possible due to better availability of phosphatic fertilizers through Sikka unit, import handling of Urea at Rozy port and need based imports of DAP,APS & Ammonium Sulphate made at various ports during 2018-19. In order to serve the North Eastern & Southern states economically, imports are supplemented through Kakinada port. Better product mix, improved packing well supported with intensive promotional campaigns undertaken by the Company during the year under review helped in enhancing acceptance of our brand further in the market. Establishment of Supply Chain Management cell for efficient logistic of fertilizers and other agro products and trading desk to take care of the prompt import decisions helped in improving the overall operational performance of agri business. GSFC Agro tech limited (GATL), an extended retail arm of GSFC has facilitated in strengthening retail business of fertilizers and agro products during the year. GATL is continuously expanding its retail network in Gujarat and neighboring states so as to gradually expand the share of retail sales in total agri business. This will undoubtly help Company in realizing the subsidy payments fast under DBT regime, besides improved margins. The expanded basket of agro-products at retail shops will enhance the foot print of farmers at our retail outlets and improve the overall sales volumes. Various promotional initiatives taken by Government of Gujarat, including Krishi-Mahotsav, special projects runs for tribal farmers, and increased coverage of area under micro irrigation system (MIS) through Gujarat Green Revolution Co. Ltd. (GGRC) etc. has helped state to sustain the agricultural productivity to considerable extent during past few years.

Special initiatives taken by the Company:

Aiming to reduce the freight cost of farmers on fertilizers and ensure timely availability of fresh and quality material, first time in the history of fertilizer industry, Company has started "Door to Door" (D2D) delivery scheme in Gujarat, wherein, fertilizers are supplied to the door-step of the farmers in truck-loads free of freight cost within stipulated timeline, which has been well received by the farming community.

Recognizing the increasing need for supplementation of Boron to the soil and its demand prospects, Company has started manufacturing Boronated NPK-12 at its Sikka unit. The product is well received and we foresee better marketing prospects for it. Recently, Company has also launched value added product Gypsum+, which is granulated Gypsum, fortified with important micronutrients and will have better market potential. In order to motivate the dealers and retailers, Company has started special quantity linked discount schemes, with a dual objective of enhancing the sales and also DBT compliance. With a view to remain more market centric, our access to the market has been accelerated during the year under review. Special promotional efforts are initiated for enhancing our brand preference in the market. Focused campaigns are organized to promote Sulhpur & Boron based fertilizers, NPK products and WSF in various states. Stringent monitoring and close follow up for recovery of out standings in the market, deployment of special chasers in some of the states having higher stake in over dues and also following up with GoI for pending subsidy bills on daily basis has helped us to recover major amount and sustain cash flow.

To sustain competition against imported DAP, your Company is producing coloured DAP at its Sikka unit on regular basis. Continuous application of anti-caking agent in entire range of phosphatic production has improved the product quality further and it remains free flowing to the expectation of the market. With a view to increase the outreach of our fertilizers in North Eastern states economically, first time imported APS on East coast, besides DAP and Ammonium Sulphate. First time, Company has tied up imports of MOP fertilizer, which will enhance our product basket and make available complete range of fertilizers. Manage simultaneous production of two to three products at a time at Sikka unit on regular basis facilitate supplying product mix in small consignments in various market segments and expand our overall share in non-DAP segment.

GATL, agri-retail Company of GSFC is penetrating further in the market of Gujarat and many surrounding states through expanding its retail business. GATL is opening new outlets, revamping existing outlets and launching various innovative products and farmer friendly schemes. At Baroda, besides, supplies of bulk fertilizers, stepped up production of full range of WSF products, SAG, City compost, TCB plants etc. to tap the market demand for such high value inputs through GATL. GATL is also focusing on trading business of high value inputs like seeds and pesticides. It has also developed business synergy with big institutional agencies of some of the states in mutual business interest. Company has tied up its procurement of trading products with reputed sources in individual sectors having quality products.

Your Company has entered into new market of Uttarakhand & Himachal Pradesh besides consolidating its presence into existing markets so as to expand overall volumes. Company has aggressively participated in the institutional tenders of various states, including Punjab, MP, Chhatisgadh, Karnataka etc, which helped in stepping up volumes in such states considerably. Concerted efforts are initiated to economies the cost, especially logistic & inventory management of our products.

Recently, introduced packing of imported fertilizers in yellow coloured bags, especially to cater the preference of Eastern markets.

Areas of concern:

Continuing Urea out of the NBS policy and keeping its MRP at quite low level v/s that of P&K fertilizers, resulting into excessive use of Urea by the farmers impacting NPK ratio of the soil adversely and affecting the soil productivity.

Timely receipt of subsidy payments through Government is very important for sustaining financial health of the industry. However, unfortunately, releasing payment of subsidy by Government gets inordinately delayed primarily because of under provisioning in the union budget besides cumbersome procedures under DBT. Delays in subsidy payments entail to liquidity crisis and higher borrowing cost at industry level.

Regulation of movement through supply plan limits the market development in various territories and results into inconsistent presence in farther but important market segments.

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

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

Recent Developments and outlook for 2019-20:

Continuous decline in prices of imported DAP is expected to encourage more imports in current season. Further, with declining import prices, channels and farmers are hoping reduction in MRP by the industry on fresh supplies and also on the sold but unlifted stocks lying in account of channels. India Meteorological Department (IMD) in its recent update on monsoon, predicted "Near Normal" rains in ensuing season, expecting about 96% rainfall of long period average, which is quite encouraging and promises for better seasonal prospects to prevail in 2018-19. Bottlenecks of Direct benefit transfer (DBT) scheme of subsidy and the constraint of budgetary provisions of subsidy may continue to impact the cash flow of fertilizer industry. At present subsidy rates for P&K fertilizers for 2019-20 are maintained in line with 2018-19 and likely to be reviewed once new government is formed. Any change in subsidy rates will have proportionate impact on the margins of the industry. Selling prices of P&K fertilizers are unlikely to get improved in short run. Hike in minimum support prices (MSP) extended for Rabi crops will give enhanced return to the farmers on their output to be marketed in current season and also the purchasing power of farmers for procurement of inputs.

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

Overall, demand outlook in general for the fertilizer industry looks moderate for 2019-20 as far as demand is concerned and also in terms of margins.

Raw material prices:

The international prices of raw materials were higher during FY 2018–19 as compared to 2017–18. The average CFR prices of Phosphoric Acid (PA) which was USD 600 per ton during 2017–18 went upwards to USD 752 (25.33 %) per ton during 2018–19.

The average prices of Ammonia decreased during 2018–19 as compared to 2017–18. The average CFR prices of Ammonia during 2017–18 was USD 331 per ton went down to USD 322 (2.72 %) per ton during 2018-19. On an average, there was 2.72 % decrease in prices of Ammonia as compared to 2017–18.

The average CFR price of Rock Phosphate increased during 2018–19 as compared to 2017–18. The average CFR price of Rock Phosphate during 2017–18 was USD 71 per ton went up to USD 85.58 (20.53%) per ton during 2018–19. On an average there was 20.53% increase in price of Rock Phosphate compared to 2017–18.

The price of Sulphur increased during 2018-19 as compared to 2017-18. The average CFR price of Sulphur during 2017-18 was USD 140 per ton went up to USD 154.06 (10%) per ton during 2018-19. On average, there was 10% increase in price of Sulphur as compared to 2018-19.

Average price of Raw Material products ($ / MT)

Product	2017-18	**2018-19**	% Increase / Decrease
Phos. Acid (C & F)	600	752	(+)25.33
Ammonia (C & F)	331	322	(-)2.72
Rock Phosphate (C & F)	71	85.58	(+)20.53
Sulphur (C & F)	140	154.06	(+) 10

INDUSTRIAL PRODUCT SCENARIO:

The Financial Year 2018-19 observed series of events like ever highest fuel prices in India, coupled with highest depreciation of Rupee against US$, weakening of global trade and struggling efforts by the Govt. to curb the imports, trade war between China and USA amid geo political tension. The first advance estimate of GDP, the growth in GDP during 2018-19 is estimated at 7.2% as compared to the growth rate of 6.7% in 2017-18. Deceleration in economic activity which had set during Q2, became entrenched in Q3.

The Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 for the month of March 2019 stands at 140.2, which is 0.1 percent lower as compared to the level in the month of March 2018. The cumulative growth for the period April-March 2018-19 over the corresponding period of the previous year stands at 3.6 percent. Passenger vehicle segment has posted conservative growth despite negative sentiments in the market. Despite liquidity crunch, the commercial vehicle segment posted strong double digit growth. Some of the key consumer segment for industrial products is automobiles, households, pesticides, paints and chemical allied industries.

The crude oil prices have risen during second quarter to third quarter of financial year on production cuts by OPEC and Russia as well as disruption in supplies due to USA sanctions on exports from Venezuela. Inflation continued to remain low in major advance economies and many key emerging market economies due to slowing global growth and stable or falling commodity prices.

Global chemical market has experienced turbulence due to upstream crude oil price and demand supply dynamics due to geo political tension between Iran & USA. Elections were held in many countries globally during early 2019 to mid 2019. The formation of new government will be one of the major factors for boosting of trade and fresh investment in new projects. Trade war between China and USA has resulted higher of price of some of key chemicals and expected to remain at the elevated level. This has resulted in higher prices of Industrial chemicals and better realization for the financial year 2018-19.

Majority of industrial products of the Company have observed higher prices by 10% as compared to last financial year. Prices started downward trend from end of 3rd Quarter onwards amid supply glut and poor demand.

2. **FINANCIAL PERFORMANCE OF THE COMPANY DURING FY 2018-19:**

	Particulars	**Units**	**2017-18**	**2018-19**	**CHANGE**	**CHANGE %**
I	**Measurement of Investment:**					
1	Return on Equity	%	6.55	6.79	0.24	4%
2	EPS*	‘/Share	11.94	12.39	0.45	4%
3	Cash Earning per Share*	‘/Share	16.18	16.87	0.69	4%
II	**Measurement of Performance**					
1	EBIDTA / Sales	%	10.48	9.94	-0.54	-5%
2	PBT / Sales	%	7.78	7.76	-0.02	0%
3	PAT / Sales	%	7.54	5.76	-1.78	-24%
4	Sales / Net Fixed Assets	Times	3.00	3.05	0.05	2%
5	Stock Turnover	Times	17.40	13.66	-3.74	-21%
6	Debtors’ Turnover #	Days	69.43	58.25	-11.18	-16%

III	**Measurement of Financial Status**					
1	Debt Equity Ratio	Ratio	0.14	0.14	0	0%
2	Current Ratio	Ratio	1.83	1.86	0.03	2%
3	Book Value per Share*	'/Share	182.24	182.39	0.15	0%
IV	**Others**					
1	Interest Coverage Ratio	Times	12.89	12.70	-0.19	-1%

*Based on 39,84,77,530 equity shares of Face value ' 2/- each

Debtors' Turnover is excluding subsidy income and receivables

Return on Net Worth has increased to 6.79 % in FY 2018-19 as compared to 6.55 % in FY 2017-18. This is due to higher Sales Rs. 8574.54 Lakhs and PAT Rs. 493.68 Lakhs in FY 2018-19 as against Sales of Rs. 6309.27 Lakhs and PAT Rs. 475.73 Lakhs in FY 2017-18.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

3. TEN YEARS PRODUCT PERFORMANCE RECORD:

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

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

PARTICULARS	Unit	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
PRODUCTION											
FERTILIZERS	MT	1733957	1678958	1507991	1491741	1385857	1423059	1436535	1470350	1556172	1812570
Ammonium Sulphate	MT	374720	372330	337370	334030	318680	306671	315145	298000	278470	271580
Ammonium Sulphate Phosphate	MT	291940	282360	313860	328430	337930	336340	294600	302800	280500	293600
Di-Ammonium Phosphate	MT	459090	503830	411850	370200	314600	390300	424520	534100	706170	921090
N P K	MT	193150	154220	38340	47650	15460	19520	10280	0	0	0
UREA	MT	405360	361181	406571	411431	399187	370228	391990	335450	291032	326300
CAPROLACTAM	MT	91479	86662	86191	86297	89918	84856	83180	80503	79577	81151
NYLON-6	MT	23887	20215	17421	9885	9400	9751	9659	8914	9464	8715
MELAMINE	MT	14161	15188	14886	15697	14284	14916	14001	15279	13938	13735
ARGON	'000NM3	3574	3319	3549	3581	3611	3334	3458	3270	3327	3464
MONOMER	MT	3993	3187	751	2281	3435	3227	3116	4287	4547	4597
ACRYLIC SHEETS	MT	0	10	0	122	79	780	566	876	721	687
ACRYLIC PELLETS	MT	0	9	285	1346	969	1701	1974	2046	1710	1937
NYLON FILAMENT YARN	MT	0	811	4044	4219	3427	3643	3080	3910	4361	4433
NYLON CHIPS	MT	0	2749	6559	8397	9114	9219	6563	5103	5399	4652
SALES											
FERTILIZERS*	MT	1598428	1604222	1412044	1434684	1320471	1383154	1395376	1441232	1571500	1797894
Ammonium Sulphate	MT	396109	360555	308214	329778	315926	309843	320007	302915	336988	278211
Ammonium Sulphate Phosphate 293115		MT	262134	299025	290107	334072	334193	335865	296470	304940	277285
Di-Ammonium Phosphate	MT	399309	500999	417820	368874	302666	386585	431238	543699	707529	948171
N P K	MT	184270	130194	35024	46558	14628	25811	3925	0	0	21
UREA	MT	366763	313448	360879	355402	353058	325051	343736	289678	249699	278375
CAPROLACTAM*	MT	65596	63217	63101	66483	68901	65725	64728	63082	61770	62650

PARTICULARS	Unit	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
NYLON-6	MT	25311	22569	13697	9999	9701	9915	9732	8756	9623	9189
MELAMINE	MT	13953	15298	15341	15096	14283	15378	14166	15283	13319	13695
ARGON	'000NM3	3563	3317	3546	3599	3622	3313	3453	3272	3327	3464
MONOMER*	MT	3989	3236	480	1947	2934	1316	2108	2036	2292	2282
ACRYLIC SHEETS	MT	0	76	91	112	122	707	678	726	728	696
ACRYLIC PELLETS	MT	9	44	344	1365	984	1705	1978	1993	1855	1883
NYLONE FILAMENT YARN	MT	20	991	4309	2706	3233	3378	2924	3319	4033	4081
NYLON CHIPS	MT	146	3730	4296	6262	6514	6455	6331	5121	5251	4596

*excluding captive consumption

4. RISK MANAGEMENT:

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

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

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

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

5. RESEARCH AND PROMOTIONAL ACTIVITIES:

Your company has a state-of-the-art soil testing laboratory equipped with high through-put machine i.e. ICP-OES with a testing capacity of 1 Lac samples per annum. Over a period of time, this laboratory has analysed more than 1.47 million of Soil samples across the state. With compilation of last 10 Years data, your company has developed GUJARAT SOIL ATLAS, which has complete mapping of all talukas of Gujarat with pictorial depiction of soil nutrient deficiency in all talukas of the state. Your company make use of the latest IT technology and with the available database; you have developed Software to generate online Fertilizers recommendations for particular crops for all talukas of Gujarat State. This software provides options of THREE fertilizers packages to farmers along with cost benefit ratio. Your company promotes balanced fertilizer usage which is environment friendly. With an endeavour to achieve prosperity for farmers on one hand and commitment for improving the soil health, your company has been involved in organizing awareness campaigns not only in Gujarat but also in Punjab, Haryana, Maharashtra & Rajasthan. The motive is to maintain and improve the soil fertility for future generations.

Your company is running round the year call centre (Toll free number-1800 123 5000) to support farmers in Hindi, Gujarati and Marathi languages. The call centre not only provides answers to general issues but has the capacity to link farmers to experts from Agricultural Universities as well.

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

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

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

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

GSFC Agrotech Limited

GSFC Agro Tech Ltd., a wholly owned subsidiary of GSFC which was established in the year 2012 with the aim of providing single stop solution to the farmers by providing reliable Agri-products at reasonable prices and promoting extension services either directly or in association with Government. Today GATL and its services are synonymous with innovation and path breaking ventures in the agri-input industry. Some of its key avenues include:

Currently, GATL manages 285 plus retail outlets across the state of Gujarat. We take pride in the fact that we are the only agri-input company in India which has deployed by trained Agriculture Graduates / Post Graduates to manage its retail outlet.

We consider farmer as our partner and provide assured supply of agri inputs to our customers, all our retail outlets have a specified policy for complaint redressal of farmers.

Due to our presence in Gujarat, we are able to provide a fair price to the farmers and thus contributing to government agenda of doubling farmer's income. Being a market leader, we also control the rates in the market. One such example is Sardar Water Soluble Fertilizers (WSF). Earlier the rates of WSF were Rs. 130/kg but GATL has now been able to reduce the rates to Rs.75/kg as MRP for farmers.

With a commitment to serve the farmers, GATL is in constant touch with the latest technology and innovations. We have a state-of-the-art Tissue Culture lab which is certified by DBT (Department of Biotechnology, Government of India) and has already developed tissue culture protocols for over 10 varieties of fruits, flowers and commercial crops.

GATL has moved further with the concept of Fertilizer Vending Machine. Presently fertilizers come in standard packing of 50 Kg. The vending machines would help small farmers to buy fertilizers in desired quantity according to available land. These machines are designed to dispense fertilizers (Urea, DAP and NPK) from 5-20 Kg and would ensure fertilizer availability to farmers round the clock supply.

GATL is an implementing agency for many Gov. of Gujarat promoted projects. Besides marketing its own and GSFC products, GATL has commercial tie up with many nationally reputed companies like National Seed Corporation, Pioneer, Coromandel International, Indian Potash Limited, Kribhco, Rise N Shine, etc.

6. SAFETY, HEALTH AND ENVIRONMENT:

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

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

Safety and Fire Trainings have covered more than 3000 employees, Contractors and visitors during the last FY 18-19.

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

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

Project commissioning work is going on for Melamine III which again has its own set of safety challenges. Adequate measures have been taken to ensure safety during Construction, Mechanical and Electro-mechanical work by elevating the safety measures and employing safety mechanisms utilized for project related works. Joint safety campaigns have been launched together with M/s L & T as well. More than 7 Million safe Manhrs were clocked during the Melamine III project activities.

Measures have been put in place to impart mechanical turnaround to fire fighting vehicles and as such Fire tenders are quick response vehicles now.

7. HUMAN RESOURCES:

Shareholders are requested to refer to point __ on page no. __(to be inserted as per page nos. of annual report while printing) of the Directors Report which forms part of the Annual Report.

For and on behalf of the Board

Sd/-
Dr. J N Singh, IAS
Chairman

Place : Fertilizernagar
Date : 09/08/2019

CAUTIONARY STATEMENT:

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

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

***Data sources :** Websites of (1) Ministry of Finance, Department of Economic Affairs, (2) Ministry of Fertilizers & Chemicals, Department of Fertilizers, Govt. of India, (3) Central Statistical Bulletin, (4) FAI, New Delhi, (5) Economic Survey- 2018-19, (6) Fertilizer Market Bulletins and (7) Ministry of Agriculture & Farmers' Welfare, GoI. (7) Union Budget 2019-2020 (8) India Meteorological Department (IMD), Government of India*

CORPORATE GOVERNANCE REPORT

THE PHILOSOPHY

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

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

Our corporate governance philosophy is based on the following principles:

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

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

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

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

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

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

1 BOARD OF DIRECTORS

☞ ***COMPOSITION AND CATEGORY OF DIRECTORS :***

The strength of the Board of Directors as on 31st March, 2019 was eight; its composition is tabulated below:

	Name of Directors	Category
1	Dr. J. N. Singh, IAS, Chairman	Promoter, Non- ExecutiveNon Independent Non Rotational Director
2	Shri A. M. Tiwari, IAS, Managing Director (till 13-07-2018-forenoon)	Promoter, ExecutiveNon Independent Non Rotational Director
3	Shri Sujit Gulati, IAS, Managing Director (w.e.f. 13-07-2018-afternoon)	Promoter, ExecutiveNon Independent Non Rotational Director
4	Shri D.C. Anjaria	Non ExecutiveIndependent Non Rotational Director
5	Prof. Vasant P. Gandhi	
6	Shri Ajay N. Shah	
7	Shri Vijai Kapoor	
8	Smt. Geeta Goradia	

	Name of Directors	Category
9	Shri Sujit Gulati, IAS (till 13-07-2018)	Non Executive, Non Independent Rotational Director
10	Shri Raj Gopal, IAS (till 01-02-2019)	
11	Shri Arvind Agarwal, IAS (w.e.f. 04-06-2018)	

Note: Shri Sujit Gulati, IAS has been appointed as Managing Director of the Company w.e.f. 13/07/2018 and hence his category has been changed from Director to Managing Director.

In all, five meetings of the Board of Directors of the Company were held during the Financial Year 2018-19 as detailed below:

Sr. No.	Dates of Board meeting	Board strength	No. of Directors present
1.	16/05/2018	8	6
2.	31/07/2018	9	7
3.	02/11/2018	9	9
4.	25/01/2019	9	6
5.	28/03/2019	8	7

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

The details relating to the names and categories of the Directors on the Board, their attendance during FY 2018-19 at the Board Meetings and the 56th Annual General Meeting, their Chairmanship/ Membership in the Committees of other Companies are given below:

Sr. No.	Name	Category	No. of Equity shares of the Company held by him	No. of Meetings attended	Attendance at the last AGM	No. of other Directorships/ Memberships	No. of Committees in which Chairman/ Member (Including GSFC Ltd.)	
							Chairman(*)	Member(*)
1	Dr. J. N. Singh, IAS Chairman	Promoter's i.e. GOG Nominee Non-Executive Director	-	5	Yes	10	-	-
2	Shri Sujit Gulati, IAS Managing Director (w.e.f. 13/07/2018 - afternoon)	Promoter's i.e. GOG Nominee Executive Director	-	4	Yes	6	-	1
2	Shri A. M. Tiwari, IAS Managing Director (till 13/07/2018 - forenoon)	Promoter's i.e. GOG Nominee Executive Director	-	1	_	4	-	1
3	Shri D. C. Anjaria	Non-Executive / Independent Director	-	5	Yes	6	2	-
4	Prof. Vasant P. Gandhi	Non- Executive / Independent Director	-	4	Yes	3	1	2
5	Shri Ajay N. Shah	Non- Executive / Independent Director	-	1	No	4	1	1
6	Shri Vijai Kapoor	Non- Executive / Independent Director	-	5	No	2	-	-
7	Smt. Geeta Goradia	Non- Executive / Independent Director	-	4	No	4	-	3
8	Shri Sujit Gulati, IAS (till 13/07/2018)	Non- Executive / Non-Independent Director	-	-	-	10	-	1
9	Shri Arvind Agarwal, IAS (w. e. f. 04/06/2018)	Non- Executive / Non-Independent Director	-	3	No	10	-	1
9	Shri Raj Gopal IAS (w. e. f. 08/08/2018 to 01.02.2019)	Non- Executive / Non-Independent Director	-	3	No	10	-	1

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

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

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

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

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

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

☞ **Name of the Listed Entities where the person is director and category of director:**

Name of the Director	Name of the listed entities and category of directorship
Dr. J. N. Singh	Gujarat State Fertilizers & Chemicals Limited, Non-executive Chairman Gujarat Narmada Valley Fertilizers & Chemicals Limited, Non-executive Chairman Gujarat Alkalies and Chemicals Limited, Non-executive Chairman Gujarat State Petronet Limited, Non-executive Chairman Gujarat Gas Limited, Non-executive Chairman
Shri D C Anjaria	Ratnamani Metals and Tubes Ltd., Non-executive Independent Director Gujarat State Fertilizers & Chemicals Limited, Non-executive Independent Director
Prof. Vasant Gandhi	Gujarat State Fertilizers & Chemicals Limited, Non-executive Independent Director UPL Limited, Non-executive Independent Director Advanta Limited, Non-executive Independent Director
Shri Vijai Kapoor	Gujarat State Fertilizers & Chemicals Limited, Non-executive Independent Director
Shri Ajay Shah	Gujarat State Fertilizers & Chemicals Limited, Non-executive Independent Director Britannia Industries Limited, Non-executive Independent Director
Smt. Geeta Goradia	Gujarat State Fertilizers & Chemicals Limited, Non-executive Independent Director Panasonic Energy India Company Limited, Non-executive Independent Director Transpek Industry Limited, Non-executive Independent Director
Shri Arvind Agarwal	Gujarat State Fertilizers & Chemicals Limited, Non-executive Director Gujarat Alkalies and Chemicals Limited, Non-executive Director Gujarat State Petronet Limited, Non-executive Director
Shri Sujit Gulati	Gujarat State Fertilizers & Chemicals Limited, Managing Director Gujarat Narmada Valley Fertilizers & Chemicals Limited, Non-executive Director

☞ ***Disclosure regarding appointment/ re-appointment of Directors*:**

Shri Raj Gopal, IAS, ceases to be a Director of the Company w.e.f. 01.02.2019. His resignation has been taken on record by the Board of Director. Shri Arvind Agarwal shall be liable to retire by rotation at the ensuing Annual General Meeting, has offered himself for re-appointment.

The brief resume of Directors with regard to appointment/ re-appointment at 57th Annual General Meeting is annexed to the Notice convening the 57th Annual General Meeting, which forms the integral part of this Annual Report.

☞ ***List of core skills/ expertise/ competencies identified by the Board as required in the context of its business and sectors for it to function effectively and those actually available with the Board:***

Skills/ Expertise/ Competencies identified by the Board	Actually available with the Board	Name of the Directors who have such expertise
Managing the large size organization and Chemical & Fertilizer expertise	Chemical & Fertilizer expertise	Dr. JN Singh, Shri Sujit Gulati, Prof. Vasant Gandhi
Financial expertise	Financial expertise	Shri D C Anjaria, Shri Arvind Agarwal, Shri Ajay Shah

For and on behalf of Board, it is further confirmed that in the opinion of the Board, the Independent Directors fulfill the conditions specified in terms of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and are Independent of the Management.

☞ ***Code of Conduct :***

The Company has laid down a Code of Conduct for all its Board Members and Senior Management Personnel to avoid any conflict of interest. The confirmation of adherence to the Code of Conduct for the Financial Year 2018-19 in the form of declaration is received from all the Directors and Members in the Senior Management of the Company, to whom such code is applicable.

The Board of Directors has noted the adherence to the code of conduct. The Code of Conduct of the Company is available on the Company's web-site viz.

http://www.gsfclimited.com/statu_comp.asp?mnuid=12.

Availability of Information to the Board of Directors:

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

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

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

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

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

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

☞ **MANAGERIAL REMUNERATION**

Remuneration to the Non-executive Directors:

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

(Amount in Rupees)

Name	Sitting Fees
Dr. J. N. Singh, IAS	50,000/-*
Shri D.C. Anjaria	1,80,000/-
Prof. Vasant P. Gandhi	2,00,000/-
Shri Ajay N. Shah	10,000/-
Shri Vijai Kapoor	70,000/-
Smt. Geeta Goradia	1,10,000/-
Shri Arvind Agarwal, IAS	50,000/-*
Shri Raj Gopal, IAS	60,000/-*

(*) Deposited in the Govt. Treasury.

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

Remuneration to the Executive Director:

Managing Director-

The Managing Director of the Company is appointed from amongst the Directors nominated by the Government of Gujarat, who is a Senior Officer of Indian Administrative Service (IAS Cadre). He is being paid the remuneration applicable to his scale in the Government and in line with the terms & conditions prescribed by the Govt. of Gujarat. The remuneration to the Whole Time Director and other Non-Executive Directors of the Company, if any, is decided by the Board upon recommendation by the Nomination & Remuneration Committee. The details of the remuneration paid to the Directors during the financial year 2018-19 are as under:

Name of MD	Salary & Perquisites
Shri A. M. Tiwari, IAS Managing Director (till 13-07-2018)	Rs. 11.87 Lakhs
Shri Sujit Gulati, IAS Managing Director (w.e.f.13-07-2018)	Rs. 21.16 Lakhs

The Company currently does not have any Stock Option Plan in place. All the Directors have been reimbursed expenses incurred by them in discharge of their duties. There are no payments made to a Director in his individual capacity or to his relatives, and should there be an instance of such payment, the same would have been appropriately disclosed. However, none of these Directors has any material pecuniary relationship or transactions with the Company, its promoters, its Directors, its senior management or its holding Company, its subsidiaries and associates which may affect their independence. The Company has not entered into any materially significant transaction with Promoters, Directors or their relatives or its management or subsidiary that may have potential conflict with the interests of the Company.

COMMITTEES OF THE BOARD:

2 AUDIT COMMITTEE:

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

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

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

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

CORPORATE GOVERNANCE REPORT (Contd.)

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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
   - a) Matters, required to be included in the Director's Responsibility Statement.
   - b) Changes, if any, in accounting policies and practices and reasons for the same.
   - c) Major accounting entries involving estimates based on the exercise of judgment by Management.
   - d) Significant adjustments made in the financial statements arising out of audit findings.
   - e) Compliance with listing and other legal requirements relating to financial statement.
   - f) Disclosure of any related party transactions.
   - g) Qualifications in the draft audit report.
5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up thereon;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Vigil/Whistle Blower Mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is included in the terms of reference of the Audit Committee.
21. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on 01.04.2019

During the Financial Year 2018-19, five meetings of Finance-cum-Audit Committee were held i.e. on 15-05-2018, 30-07-2018, 01-10-2018, 24-01-2019 and 27-03-2019. The Composition of the Audit Committee and the attendance details are as under:

Sr. No.	Name of the Member	Category	No. of meetings held during the tenure of Directors	No. of meetings attended
1	Shri D.C. Anjaria (Chairman of the Committee)	IndependentNon-Executive	5	5
2	Prof. Vasant P. Gandhi	IndependentNon-Executive	5	4
3	Shri Ajay N. Shah	IndependentNon-Executive	5	0
4	Smt. Geeta Goradia	IndependentNon-Executive	5	3
5	Shri Arvind Agarwal (Member of the Committee, w. e. f. 04.06.2018)	Non-IndependentNon-Executive	4	0

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

Shri D. C. Anjaria, Chairman of the Finance-cum-Audit Committee remained present at the last i.e. 56th Annual General Meeting held on 28-09-2018.

3 STAKEHOLDERS RELATIONSHIP COMMITTEE

Pursuant to provisions of Section 178(5) of the Companies Act, 2013 and Listing Regulations, Stakeholders Relationship Committee of the Board comprises of Prof. Vasant Gandhi, Chairman of the Committee, Shri Raj Gopal (till 01-02-2019), Shri Sujit Gulati and Shri A. M. Tiwari (till 13-07-2018 Forenoon) on 31.03.2019. Shri V V Vachhrajani, Company Secretary & Sr. Vice President (Legal & GST) is the Compliance Officer for complying with requirements of Securities Laws and Listing Regulations with Stock Exchanges.

During the FY 2018-19, four meetings of the Committee were held i.e. on 16-05-2018, 30-07-2018, 02-11-2018, and 24-01-2019. The details of Committee members and their attendance at the Committee meetings during the Financial Year 2017-18 are furnished below:

Sr. No	Name of the Members	No. of meetings held during the tenure of Directors	No. of Meetings Attended
1	Prof. Vasant P. Gandhi	4	4
2	Shri Sujit Gulati, IAS (till 13-07-2018 forenoon - as rotational non-executive Director)	1	0
3	Shri A. M. Tiwari, IAS (till 13-07-2018 Forenoon)	1	1
4	Shri Raj Gopal, IAS (till 01-02-2019)	2	0
5	Shri Sujit Gulati, IAS (w.e.f. 13-07-2018 afternoon upon appointment as Managing Director)	3	3

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

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

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

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

- Timely transfer of Shares and Debentures.

- Dematerialization and/or Rematerialization of shares.
- Transmission of Shares/ Deletion of Name in case of death of the shareholder/s.
- Issue of duplicate shares/debentures Certificates in case of lost / misplaced/ torn/ mutilated ones.
- Timely redressal of complaints pertaining to non-receipt of dividends, interests on debentures, redemption amount of Non Convertible Debentures / Partly Convertible Debentures redeemed etc.
- Any other related issue/s.
- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

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

The following table highlights the details of the complaints received during the F.Y. 2018-19 and their status as on date. It is further reported that as on 31-03-2019, there are no outstanding complaints pertaining to and received during the F.Y. 2018-19:

(a)	No. of complaints received from Shareholders/ Investors during the financial year 2018-19.	76
(b)	No. of complaints not redressed to the satisfaction of shareholders / investors.	(1)
(c)	No. of applications received for transfers/ transmissions /transposition of shares during the financial year 2018-19. (IEPF 807 TM cases)	2284
(d)	No. of pending requests for share transfers, transmissions and transposition of shares as on 31-03-2019.	Nil

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

As on 31st March, 2019 total 38, 93, 95,142 Equity Shares of Rs. 2/- each representing 97.72% of the total no. of Shares were dematerialized.

4 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Pursuant to provisions of Section 135 of the Companies Act, 2013, Corporate Social Responsibility Committee of the Board consists of following members as on 31.03.2019:

1. Shri Arvind Agarwal – (w.e.f. 04-06-2018) Chairman, Non-Independent, Non-Executive Director
2. Shri D C Anjaria – Member- Independent & Non-executive Director
3. Smt. Geeta Goradia – Member - Independent & Non-executive Director
4. Shri Sujit Gulati – (till 13-07-2018) – Member – Non- Independent & Non-executive Director
5. Shri Raj Gopal– (till 01-02-2019) Member – Non- Independent & Non-executive Director
6. Shri A. M. Tiwari – (till 13-07-2018 Forenoon) Member - Non-Independent & Executive Director
7. Shri Sujit Gulati – (w.e. f.13-07-2018 Afternoon) Member - Non-Independent & Executive Director

During the year 2018-19, one meeting was held on 28.03.2019.

The details of Committee members and their attendance at the Committee meetings during the Financial Year 2018-19 are furnished below:

Sr. No.	Name of the Members	No. of meetings held during the tenure of Directors	No. of Meetings Attended
1	Shri Arvind Agarwal, IAS (w.e.f. 04-06-18)	1	1
2	Smt. Geeta Goradia	1	1
3	Shri D C Anjaria	1	1
4	Shri Sujit Gulati, IAS	1	1

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

5 NOMINATION AND REMUNERATION COMMITTEE:

Pursuant to provisions of Section 178 of the Companies Act, 2013 read with Listing Regulation, 'Nomination and Remuneration Committee' of the Board consists of following members as on 31.03.2019:

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

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

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

(4) Shri Arvind Agarwal, Member – Non-Independent & Non-executive Director, (w.e.f. 04-06-2018)

(5) Shri Raj Gopal, Member -Non-Independent & Non-executive Director, (till 01-02-2019)

(6) Shri Sujit Gulati – Non-Independent & Non-executive Director, (till 13-07-2018)

(7) Shri Sujit Gulati – Special Invitee –Non-Independent & Executive Director. (w.e.f. 13-07-2018 - Afternoon)

(8) Shri A. M. Tiwari, Special Invitee –Non-Independent & Executive Director. (till 13-07-2018 - Forenoon)

During the year 2018-19, one meeting was held on 16.05.2018.

The details of Committee members and their attendance at the Committee meetings during the Financial Year 2018-19 are furnished below:

Sr. No	Name of the Members	No. of meetings held during the tenure of Directors	No. of Meetings Attended
1	Shri D C Anjaria (Chairman of the Committee)	1	1
2	Prof. Vasant Gandhi	1	1
3	Smt. Geeta Goradia	1	1
4	Shri Arvind Agarwal, IAS(w.e.f 04-06-2018)	0	0
5	Shri Raj Gopal, IAS(w.e.f 08-08-2018 to 01-02-2019)	0	0
6	Shri Sujit Gulati, IAS Special Invitee (w.e.f. 13-07-2018 - Afternoon)	1	0
7	Shri A. M. Tiwari, IASSpecial Invitee (till 13-07-2018 - forenoon)	1	1

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

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

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

iii. Devising a policy on Board diversity;

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

v. Evaluation of every Director's performance.

vi. Recommend to the board, all remuneration, in whatever form, payable to senior management.

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

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

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

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

I. REMUNERATION:

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

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

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

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

B. Non-Executive Independent Directors:

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

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

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

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

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

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

C. KMPs/ Senior Management Personnel etc.:

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

CORPORATE GOVERNANCE REPORT (Contd.)

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

a. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

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

b. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Submission: 5% for Grade II, 6% for Grade IC & ID and 7% for Grade IB and above rise in basic pay of all officers in the company in the financial year.

c. The percentage increase in the median remuneration of employees in the financial year;

Submission: 5% for Grade II, 6% for Grade IC & ID and 7% for Grade IB and above rise in basic pay of all officers in the company in the financial year.

d. The number of permanent employees on the rolls of company;

Submission: 3128 permanent employees are on the rolls of the company. (i.e. Vadodara Unit as on 31/03/2019)

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

Submission:5% for Grade II, 6% for Grade IC & ID and 7% for Grade IB and above rise in basic pay of all officers in the company in the financial year.

f. Affirmation that the remuneration is as per the remuneration policy of the company.

Submission: Yes

The details as required under Section 197 read with Rule 5(3) of Companies (Payment and Remuneration of Managerial Personnel) Rules, 2014 is provided below and records thereof are also available for inspection at the Registered Office of the Company on any working day during business hours. All the below mentioned employees are permanent employees and none of them are holding any equity shares of the Company and also that none of them are relative of the Directors.

SN	Name	Position & Department	Grade	Date Of Joining	Date Of Birth	Qualification	Age	Experience Yrs.	Prev. Exp.
1	Vishvesh Dineshchandra Nanavaty	ED(Finance, MSD,MS) & CFO, Finance Department	0E	21/03/2002	13/05/1964	B. Com., Cost Accountant (ICWA), Chartered Accountant (CA), Comp Secretary (CS)	55	17	13
2	Yashpal Singh	SR.VP(R&D,QC,S&F,I&M Bureau, PU AND FU), R & D Department	1A	10/03/1984	03/07/1958	B. SC. Chemistry, M.SC. Organic, PH.D. Science, M.B.A. Marketing	61	34	-
3	Himmatlal Devshibhai Dalasania	SR.VP(Instrument, Elect, Civil, U&EC, FU&PU), Instrument - General Section	1A	01/04/1983	30/11/1958	B.E. Inst. & Control	61	35	-
4	Anita Partho Ganguli	SR.Vice President(IR & Security), Industrial Relations Management	1A	26/10/1981	09/12/1958	B. SC. Chemistry, P.G.Diploma IR & PM	60	37	-
5	Dilipkumar Bhikhabhai Shah	SR.VP(Operation, Maint., SU & PU), F&I Division Management Group	1A	19/12/1986	12/01/1962	B.e. Chemical, P.G.Diploma Finance Mgt, P.G.Diploma Management	57	32	-

6	Mayur Garg	SR.VP(Marketing-IP & Trading), Marketing-Industrial Products Department	1A	10/10/2017	06/08/1976	B.E. Electronics & Power, M.B.A. Marketing	43	1.7	17
7	Vishvesh Vyomesh Vachhrajani	CS & Senior vice President(Legal & GST), Secretarial & Legal Department	1A	01/10/2013	01/10/1969	B. COM., Co. Secretary, L.L.B.	50	5.7	22
8	Anup Niranjan Hora	VP (Design & Construction), GSFC University	1B	19/10/1983	24/08/1958	B.E. Mechanical	61	34	-
9	Atul Girishkant Dholakia	Vice President(Project-Electrical, Project Department	1B	04/12/1989	13/02/1959	B.Tech. Electrical	60	29	8
10	Vinodrai Anand Sihora	Jr. Executive(Agri Business), GATL-Bhanvad	2BS	20/11/1982	07/01/1959	B. SC. Agricultural	60	36	-

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

Submission: Nil

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

Submission: Nil

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

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

➢ **Performance evaluation:**

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

6 RISK MANAGEMENT COMMITTEE:

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

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

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

➢ Oversight of risk management performed by the executive management;

➢ Reviewing the BRM policy and framework in line with local legal requirements and SEBI guidelines;

➢ Reviewing risks and evaluate treatment including initiating mitigation and reporting of risks.

Effective from 01-04-2019 the recommendations of the Kotak Committee have become applicable to the Company and accordingly, the Company should have a policy on Risk Management including Cyber Security in place and at the same time it is also to be decided by the Board about the periodicity of reporting on the Risk Management and Cyber Security. It has further mandated that Risk Management Committee must meet once in a year. Keeping in mind these requirements, the Company has already initiated the process of formulating the Risk Reporting Process. The Policy on Risk Management is under preparation and shall be placed before the meeting of Board of Directors for its adoption and action, if any soon.

7 GENERAL BODY MEETINGS

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

Particular \ Meetings	56th AGM	55th AGM	54th AGM
Date	September 28, 2018	September 16, 2017	September 17, 2016
Start Timing	03.30 PM	03.30 PM	03.00 PM
Venue	Cultural Center Auditorium situated atP. O. Fertilizernagar – 391750, Dist. Vadodara (Registered Office of the Company)		

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

8 DISCLOSURES

There are no materially significant related party transactions made by the Company with its Promoters, Directors, or Management, their subsidiaries or relatives etc. which may have potential conflict with the interest of the Company at large. An adequate disclosure regarding related party transactions is contained in the Annual Accounts of the Company in Note No. 40 which forms a part of this Annual Report.

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

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

➢ ***CEO CERTIFICATION:***

The Managing Director (CEO) of the Company has certified the compliance of Code of Conduct in respect of the Financial Year 2018-19 by the Board Members & Senior Management and the said certificate forms part of this report.

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

➢ **Vigil mechanism:**

The Company has a vigil mechanism policy to deal with instances of fraud and mismanagement, if any. The said policy is placed on the website of the company at web link:

http://www.gsfclimited.com/statu_comp.asp?mnuid=12.

The Company has in place an anti harassment policy in line with the requirements of the Act. Internal Complaint Committee is set up to redress complaints received regularly and are monitored by women supervisors who directly reports to the Managing Director. All employees (permanent, contractual, temporary, trainees) are covered under the policy. There were no complaints received from any employee during the financial year 2018-19 and hence no complaints is outstanding as on 31.03.2019 for redressal. No personnel were denied access to the Audit Committee of the Company.

➢ **Board Training and induction:**

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

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

- **Independent Directors' Meeting**

  During the year under review, the Independent Directors met on 15.05.2018, inter alia, to discuss:

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

  The familiarisation programme in line with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was arranged for the Independent Directors on 15.05.2018 by way of presentation/agenda, where in they were provided with the guidelines of their duties, roles, responsibilities etc.

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

  The Company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding company in the immediately preceding accounting year or has generated 20 % of the consolidated income of the company during the previous financial year. The policy on materiality on related party transaction and dealing with related party transactions has been formulated and is available on the website of the Company.

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

  The following are the policies/details that are required to be placed on the Company's website as required under the provisions of the Companies Act, 2013 and Listing Regulations. The following web-link can be clicked/used to access those policies/details;

  http://www.gsfclimited.com/statu_comp.asp?mnuid=12.

  1. Vigil Mechanism/Whistle Blower Policy
  2. Terms of Appointment of Independent Director
  3. Policy for Evaluation of Board Performance
  4. Nomination & Remuneration -cum–Board Diversity Policy
  5. Code of Conduct
  6. Corporate Social Responsibilities (CSR) Policy
  7. Policy on materiality of Related Party Transactions and dealing with Related Party Transactions
  8. Code of conduct – SEBI (Prohibition of Insider Trading) Regulations, 2015
  9. Familiarization programme of Independent Directors
  10. 57th AGM e-voting process & Book Closure Notice
  11. Notice of 57th Annual General Meeting
  12. Authority to KMP to determine materiality of event
  13. List of GSFC committees
  14. Policy on determining materiality of event or information
  15. Policy on preservation of documents
  16. Stock Exchange Submission File
  17. Press Clippings'
  18. Dividend Distribution Policy

9 MEANS OF COMMUNICATION:

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

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

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

Report for the quarter ended	Date of submission to Stock Exchange(s)
30-06-2018	13-07-2018
30-09-2018	13-10-2018
31-12-2018	04-01-2019
31-03-2019	12-04-2019

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

10 GENERAL SHAREHOLDER INFORMATION

a) *Annual General Meeting:*

As is indicated in the Notice convening the 57th Annual General Meeting of the Company will be held on 27th day of September, 2019 at 3:30 PM. at the Cultural Center Auditorium situated at Fertilizernagar – 391750, Dist. Vadodara (Registered Office of the Company).

b) *Financial Calendar:*

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

Unaudited Results for Quarter ending June 30, 2019	Latest by 14th August, 2019
Unaudited Results for Quarter ending September 30, 2019	Latest by 14th November, 2019
Unaudited Results for Quarter ending December 31, 2019	Latest by 14th February, 2020
Audited Results for Quarter/ Year ending March 31, 2020	Latest by 30th May, 2020

c) Book Closure Date:

The Register of Members of the Company shall remain closed from 12th September, 2019 to 27th September, 2019. (Both days inclusive).

d) Dividend payment date:

Dividend shall be paid on and after 7th October, 2019.

e) (i) Listing of Equity Shares:

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

Sr. No.	Name & Address of the Exchange	Scrip Code
01	BSE Limited1st Floor, New Trading Ring Rotunda Bldg., P.J.Towers, Dalal Street Fort, MUMBAI - 400 001	500690
02	National Stock Exchange of India Limited' Exchange Plaza', C/1, Block G Bandra-Kurla Complex Bandra (East), MUMBAI - 400 051	GSFC – EQ

An application for delisting of Equity Shares from Calcutta Stock Exchange (CSE) has been made to CSE and their approval is yet not received. The Annual Listing Fees in respect of BSE Limited and National Stock Exchange of India Limited for the F.Y. 2019-20 has been paid by the Company.

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

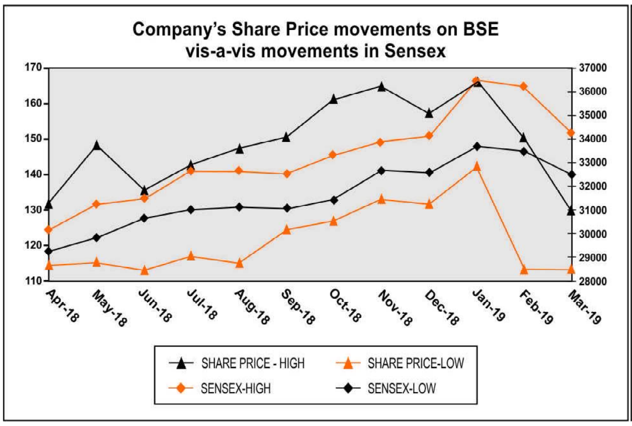
(iii) **Corporate Identification Number (CIN)**: ***L99999GJ1962PLC001121***.

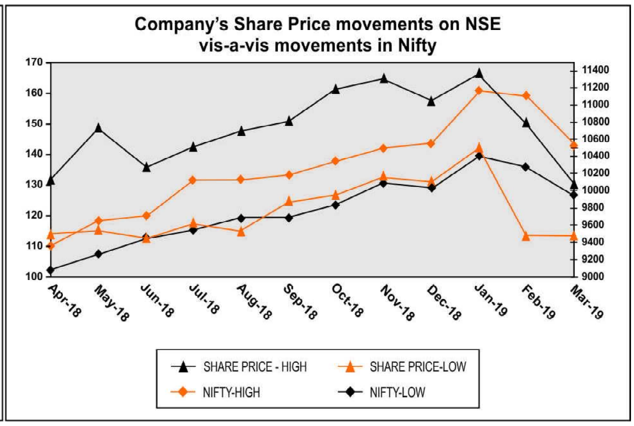
(iv) **Stock Market Data:–**

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

Month & year	BSE				NSE			
	Sensex		GSFC's Share Price (Rs.)		Nifty		GSFC's Share Price (Rs.)	
	High	Low	High	Low	High	Low	High	Low
Apr-18	35213.30	32972.56	135.40	114.75	10759.00	10111.30	135.25	114.10
May-18	35993.53	34302.89	137.50	109.50	10929.20	10417.80	137.60	109.45
Jun-18	35877.41	34784.68	118.20	100.20	10893.25	10550.90	118.40	100.05
Jul-18	37644.59	35106.57	120.95	100.30	11366.00	10604.65	120.90	100.50
Aug-18	38989.65	37128.99	122.70	110.20	11760.20	11234.95	122.70	110.20
Sep-18	38934.35	35985.63	124.75	89.10	11751.80	10850.30	124.80	89.00
Oct-18	36616.64	33291.58	104.90	85.60	11035.65	10004.55	105.00	85.50
Nov-18	36389.22	34303.38	118.95	101.20	10922.45	10341.90	118.95	101.00
Dec-18	36554.99	34426.29	116.60	101.50	10985.15	10333.85	116.50	101.30
Jan-19	36701.03	35375.51	117.45	92.00	10987.45	10583.65	117.50	91.70
Feb-19	37172.18	35287.16	99.55	85.85	11118.10	10585.65	99.45	85.80
Mar-19	38748.54	35926.94	107.30	91.25	11630.35	10817.00	107.05	91.00

The graphical presentations shall be presented at the time of printing of annual report which will depict the movement of monthly high/ low share prices of the Company's Shares on BSE and NSE vis-à-vis the movements in the Sensex and Nifty during the period from April 2018 to March 2019.





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

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

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

(g) Distribution of Shareholding as on 31st March, 2019:

Pattern of Shareholding (Category wise):

Category	No. of Shares	% to Total Capital
Promoter: Gujarat State Investments Limited	15,07,99,905	37.84
Public Financial Institutions, Insurance Companies & Mutual Fund	5,83,41,286	14.64
Companies & Banks	10,90,68,127	27.37
Individuals, Co-operative Societies & Co-operative Banks	8,02,68,212	20.15
Total	**39,84,77,530**	**100.00**

Pattern of Shareholding (Shareholding wise):

Category (No. of Shares) From To	No. of Shareholders	%	No. of Shares	%
Upto 500 Shares	**110919**	**82.88**	**15434744**	**3.87**
501 – 1000	**10857**	**8.11**	**8732210**	**2.19**
1001 – 2000	**6200**	**4.63**	**9343343**	**2.34**
2001 – 3000	**2116**	**1.58**	**5367788**	**1.35**
3001 – 4000	**894**	**0.67**	**3206457**	**0.80**
4001 – 5000	**808**	**0.60**	**3844778**	**0.96**
5001 – 10000	**1082**	**0.81**	**7964101**	**2.00**
10001 and above	**958**	**0.72**	**344584109**	**86.48**
Total	**133834**	**100.00**	**398477530**	**100.00**

(h) Unclaimed Shares :

The Company has transferred the Unclaimed/Undelivered Equity Shares in terms of Schedule VI of the SEBI (LODR) Regulations 2015 into "Demat Suspense Account" opened for the purpose pursuant to SEBI Circular dated 16-12-2010. The details of Unclaimed/Undelivered Shares in the "Demat Suspense Account as on 31st March, 2019 is as follows:-

Sr. No.	Description	No. of Shareholder/s	No. of Shares
i)	Aggregate number of shareholding and the outstanding shares in the Unclaimed Suspense Account at the beginning of the year, i.e. April 1, 2018.	234	18495
ii)	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year 2018-2019.	-	-
iii)	Number of Shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year 2018-2019.	-	-
iv)	Number of Shareholders whose shares were transferred from the Unclaimed Suspense Account to the IEPF Authority during the year 2018-2019	11	385
v)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year i.e. March 31, 2019.	223	18110

The Voting rights in respect of the said shares will be frozen.

- No pledge has been created over the Equity Shares held by the Promoters as on March 31, 2019.
- 97.72% of the Equity Shares have been dematerialized till 31/03/2019. The Company's Equity Shares are to be compulsorily dealt in dematerialized form since 26/06/2000 and the ISIN no. of the Company's Equity Share is *INE026A01025*.
- The Company has paid the Annual Custody Charges to National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) for the year 2019-20.
- Dividend @ Rs.2.20 **per share of Rs. 2/- each** has been recommended by the Board of Directors on the Equity Shares which shall be paid/ distributed on or after 07th October, 2019 upon its approval by the Shareholders in the ensuing 57th Annual General Meeting.
- **Unit-wise Plant locations :**

  The Company's Units are located as follows:

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

(j) Address for Correspondence:

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

Company Secretary & Sr. Vice President (Legal & GST)
Gujarat State Fertilizers & Chemicals Limited, Fertilizernagar - 391750, Dist. Vadodara
Tel Nos. 0265-2242451/2242651/2242751, Fax Nos.0265-2240966/2240119
Email: vishvesh@gsfcltd.com. Website: www.gsfclimited.com

Or

Registrars & Transfer Agents for Equity Shares of the Company:
R&T Name & Address: **Link Intime India Pvt. Limited,** B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara - 390 020.
Tel No: +91 265 2356573/2356794 E-mail id: vadodara@linkintime.co.in
Website: www.linkintime.co.in

R&T HO Address: Link Intime India Pvt Limited, C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083, Tel No : +91 22 49186270

(k) List of all credit ratings obtained by the Company during the Financial Year 2018-19

Credit Rating	Issuing Agency	Facilities
CARE AA+	CARE Ratings	Long Term Bank Facilities
IND AA+	India Ratings & Research	Long Term Bank Facilities
CARE A1+	CARE Ratings	Short Term Bank Facilities
IND A1+	India Ratings & Research	Short Term Bank Facilities

(l) Fees to the Statutory Auditors of the Company: The total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditors of the Company is mentioned at Note No. 36 of Notes to standalone financial statements. The Company has not availed any services from the network firm/network entity of which the Statutory Auditors is a part.

(m) Certificate from Practising Company Secretaries: The Company has received a certificate from M/s. Niraj Trivedi, Practising Company Secretaries confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India/ Ministry of Corporate Affairs/ Reserve Bank of India or any such statutory authority.

Sub: Affirmation of compliance with the Code of Conduct by all Board Members & Sr. Management of the Company for the Financial Year 2018-19.

Based on the confirmations received from Board Members & Members of Sr. Management of the Company, I hereby affirm that all the Board Members & Members of Sr. Management of the Company have complied with the Code of Conduct as approved by the Board of Directors of the Company for the Financial Year 2018-19.

Date : 22/05/2019
Place : Fertilizernagar.

Shri Sujit Gulati, IAS
Managing Director

CERTIFICATE

To the Members of Gujarat State Fertilizers & Chemicals Limited

We have examined the compliance of the conditions of Corporate Governance by Gujarat State Fertilizers & Chemicals Limited for the year ended March 31, 2019 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

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

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

We state that in respect of investor grievances received during the year ended March 31, 2019, no investor grievance is pending against the Company, as per the records maintained by the Company and presented to the Stakeholders Relationship Committee.

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

Sd/-
Suresh Kumar Kabra
Partner

Samdani Kabra & Asso.
Company Secretaries
ACS No 9711 CP No. 9927

Vadodara
22th May, 2019

FINANCIAL HIGHLIGHTS OF TEN YEARS

PARTICULARS		2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
OPERATING RESULTS											(₹ in Crores)
GROSS INCOME		**8679**	6404	5477	6326	5563	5671	6486	5464	4856	4132
GROSS PROFIT		**791**	610	478	694	675	640	900	1276	1259	530
DEPRECIATION		**126**	119	103	97	101	145	132	129	147	141
EXCEPTIONAL ITEMS		**-**	-	-	-	-	-	-	(34)	-	-
PROFIT / (LOSS) BEFORE TAX		**665**	491	375	597	574	495	768	1113	1112	389
TAX		**171**	15	(45)	188	173	153	250	356	363	135
PROFIT / (LOSS) AFTER TAX		**494**	476	420	409	401	342	518	758	749	254
DIVIDEND		**88**	88	88	88	88	80	80	60	56	36
DIVIDEND TAX		**18**	18	18	18	18	13	13	10	9	6
RETAINED EARNINGS		**388**	370	314	303	295	249	425	688	684	213
AMOUNT PER SHARE (Rupees)*											
SALES		**215**	158	137	159	134	136	157	665	597	504
EARNING		**12**	12	11	10	10	9	13	95	94	32
CASH EARNING		**17**	14	11	12	13	12	16	117	119	47
EQUITY DIVIDEND		**2.2**	2.2	2.2	2.2	2.2	2.0	2.0	7.5	7.0	4.5
BOOK VALUE		**182**	182	165	122	112	107	99	441	355	269
MARKET PRICE:	HIGH	**138**	166	132	91	125	63	91	504	413	255
	LOW	**86**	113	64	57	53	44	55	322	215	87

* Per share figures for F.Y. 2012-13 to 2018-19 are based on face value of ₹ 2/- for remaining years figures are based on face value of ₹ 10/-.

Figure from 2015-16 onwards are as per IND AS.

Independent Auditors' Report

TO THE MEMBERS OF GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Gujarat State Fertilizers & Chemicals Limited** ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss (including Other Comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, on that date and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind As") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
Evaluation of uncertain tax positions:	***Principal Audit Procedures***
The Company has material uncertain tax positions for liability of ₹ 31,803.00 Lakhs including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes 39 to the Standalone Financial Statements.	We evaluated the related accounting policy for provisioning for tax exposures and found it to be appropriate. We have obtained details of completed tax assessments and demands upto the year ended March 31, 2019 from management. We evaluated auditee's response / opinion taken from various tax experts by auditee to challenge the underlying assumptions in estimating the tax provision and the possible outcome of the disputes. We also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at March 31, 2019 to evaluate whether any change was required to management's position on these uncertainties. From the evidence obtained and in the context of the financial statements, taken as a whole, we consider the provisions in relation to uncertain tax positions as at 31 March 2019 to be appropriate.

Impairment of property, plant and equipment:	*Principal Audit Procedures*
During the year, company has discontinued its operations at Fiber unit due to non-viability of its products. Gross block of the assets of the Fiber unit and its carrying value as on 31st March 2019 works out to ₹ 23,814.93 Lakhs & ₹ 6,268.05 Lakhs. Further, methanol plant having Gross Block and its carrying value as on 31st March of ₹ 26,126.42 Lakhs & ₹ 20,327.73 Lakhs is operating for less than 5% of installed capacity since April'15. We have considered this issue to be a key audit matter because the analysis performed by management requires the use of complex estimates and judgments regarding the future earnings performances \ recoverable amount of the CGUs to which the aforementioned assets belong.	We evaluated the management's various viable proposals, impairment calculations, assessing the net recoverable value of the CGU used in the models, and the process by which they were drawn up, including comparing them to the latest circle rates of the Land, and testing the underlying calculations. Based on our audit procedures, we found management's assessment in determining the carrying value of the property, plant and equipment of Fiber unit & Methanol Plant to be reasonable. Refer Notes 6 to the Standalone Financial Statements.
Impairment of subsidy receivables from Government: Government Subsidy Receivable forms a significant part of the Company's assets, amounting to ₹ 1,72,948.97 Lakhs as at March 31, 2019. Given the size of the subsidy balance relative to the total assets of the company and the estimates and judgements described in Note 12 to the Standalone Financial statements, the fair value assessment requires significant audit attention.	*Principal Audit Procedures* Our audit procedure includes verification of subsidy rate notified by department of Fertilizers (DOF), communication letters for escalation / de-escalation in subsidy rates, input price escalation / de-escalation as estimated by the management in case of urea subsidy, quantity supplied at first point sale. Company has accounted subsidy income in books in line with rates approved by DOF including escalation / de-escalation as estimated by the management. Negligible variances have been noticed in the input price escalation / de-escalation as estimated by the management and subsequently as approved by the DOF. As subsidy receivable is outstanding from Department of Fertilizer (i.e. sovereign Authority) and is backed by the approved claims generated from MFMS (Mobile Fertilizer Management System), amount outstanding as on date has not been impaired.
Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard): Company manufactures and sells a number of fertilizer and chemical products to its customers, mainly through its own distribution network. Sales contracts specifically w.r.t Bill and Hold transaction contains constructive obligation for transfer of control to the buyer. As per the terms of the contract with the customers, company use to recognize the sale based on the invoicing and considering the transfer of control and other criteria set out in para B81 of Ind AS 115. Refer Notes 49 to the Standalone Financial Statements.	*Principal Audit Procedures* Our audit procedure focused on transactions occurring within proximity of the year end in the Fertilizer segment, obtaining evidence to support the appropriate timing of revenue recognition based on terms and conditions set out in sales contracts, delivery documents and dealers' confirmation.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report and Annexure to Board's Report, but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Management's Responsibility for the Standalone Financial Statement

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India. 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 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material

uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **"Annexure A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

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

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

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive income, the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

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

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration has been paid by the company to its directors during the year is in accordance with provisions of Section 197 of the Act.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no 39 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

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

Brijesh Thakkar
Partner
Membership No-135556

Place : Gandhinagar
Date : 22/05/2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

ANNEXURE TO INDEPENDENT AUDITORS' REPORT FOR THE PERIOD ENDED MARCH 2019

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

(i) Fixed Assets

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

b) The fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size & nature of the company. No material discrepancies were noted on such verification.

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

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

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

(ii) Inventories

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

(iii) Loans given

According to Information and explanations given to us, the Company has not granted any Secured or unsecured loan to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Hence reporting under clause 3 (iii) (a), (b) and (c) does not arise.

(iv) Compliance of Sec. 185 & 186

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

(v) Public Deposit

According to Information and explanations given to us, the company has not accepted any deposits from the public during the year and in respect of uncliam deposits, the company has complied with the proviosn of section 73 to 76 or any other relevent provisons of the copmanies Act, 2013.

(vi) Cost Records

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

(vii) Statutory Dues

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

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

b) No undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2019 for a period of more than six months from the date they became payable.

c) Detail of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on 31 March, 2019 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period/between various periods to which the amount relates	Amount involved (excluding interest and penalty ₹ in Lakhs)	Amount unpaid (excluding interest and penalty ₹ in Lakhs)
Income Tax Act, 1961	Income Tax	Assessing Officer	FY 2016-17	1.68	1.68
		Commissioner (Appeals)	FY 2015-16	612.86	389.84
Central Excise Act, 1994	Excise Duty	High Court- Ahmedabad-HO	FY 1986 to 1989 FY 1997-2001	3,486.77	1,768.47
		CESTAT-HO	FY 2007 to 2009 FY 2011 to 2015	8,340.61	8,243.56
		Superintendent/Assistance/Deputy/Joint commissioner of Central Excise-FU	FY1991-1992 FY 1991-1993 FY 1993-1995 FY 2000-2001 FY 2010-2014 FY 2018-2019	165.74	165.74
Finance Act, 1994	Service Tax	Supreme court-FU	Jul-2010 to Mar- 2013	11.51	10.36
		CESTAT-HO	FY 2012-2014	159.75	147.50
		CESTAT-FU	Sept-2005 to Jun- 2012	134.95	67.95
		Commissioner (Appeals)-HO	FY 2015-2017	2.50	2.50
		Commissioner (Appeals)-FU	Apr 2013 to Sept 2016	47.01	43.84
		Asst./Deputy/Joint Commissioner-HO	FY 2012-2013	2.11	2.11
		Asst./Deputy/Joint Commissioner-FU	Apr-1998 to Aug-1999 Apr-2005 to Sept-2016	14.67	14.67
Gujarat Value added tax Act, 2003	Gujarat Value Added Tax	Joint/ Dy. Commissioner of Commercial Tax	FY 2006-07 to 2012-13	2,886.83	2,626.83
Central Sales Tax Act, 1956	Central Sales Tax	Additional Commissioner of Sales Tax, Delhi	FY 1998-99	0.14	0.14
	Central Sales Tax	Assistance Commissioner of Sales Tax, West Bengal	FY 1995-96 & 1997-98	2.21	2.21
	Central Sales Tax	Joint/ Dy. Commissioner of Commercial Tax	FY 2006-07 to 2015-16	2,772.00	2,551.71

(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. The Company has not taken any loans or borrowings from Government and has not issued any debentures.

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

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

(xi) According to information & explanations given to us, the managerial remuneration has been paid by the company to its directors during the year is in accordance with provisions of Section 97 of the Act.

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

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

(xiv) During the year, company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore paragraph 3 (xiv) of the order is not applicable to the company.

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

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

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

Brijesh Tjakkar
Partner
Membership No. 135556

Place : Gandhinagar
Date : 22/05/2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED.

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

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

We have audited the internal financial controls over financial reporting of **Gujarat State Fertilizers & Chemicals Limited** ("the Company") as of 31 March, 2019 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 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.

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations give to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2019, 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 T R Chadha & Co LLP
Chartered Accountants
Firm Regn. No:006711N / N500028

Brijesh Thakkar
Partner
Membership No. 135556

Place : Gandhinagar
Date : 22/05/2019

BALANCE SHEET AS AT 31ST MARCH, 2019

(₹ in lakhs)

Particulars	Note	As at 31st March 2019	As at 31st March 2018
A. ASSETS			
1. Non-current assets			
(a) Property, Plant and Equipments	5	2,81,030.24	2,10,106.85
(b) Capital work-in-progress	5	18,702.38	76,132.93
(c) Other Intangible assets	6	296.82	376.97
(d) Financial Assets			
(i) Investments	7	2,31,529.23	2,74,046.09
(ii) Others financial assets	8	4,415.80	4,369.25
(e) Income tax assets (Net)	23	9,901.82	13,634.97
(f) Other non current assets	9	33,320.33	32,563.27
		5,79,196.62	**6,11,230.33**
2. Current assets			
(a) Inventories	10	1,43,025.50	80,639.82
(b) Financial Assets			
(i) Trade receivable	11	95,105.61	96,707.83
(ii) Government subsidies receivable	12	1,72,948.97	1,74,189.00
(iii) Cash and cash equivalents	13	3,697.50	5,033.05
(iv) Bank balances other than (iii) above	14	1,202.50	1,181.85
(v) Loans	15	17,445.78	16,010.10
(vi) Others financial assets	16	236.99	1,821.24
(c) Other current assets	17	21,558.14	36,483.31
		4,55,220.99	**4,12,066.20**
3. Assets held for sale	18	**703.98**	**703.98**
TOTAL ASSETS		**10,35,121.59**	**10,24,000.51**

BALANCE SHEET AS AT 31ST MARCH, 2019

(₹ in lakhs)

Particulars	Note	As at 31st March 2019	As at 31st March 2018
B. EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	19	7,969.55	7,969.55
(b) Other Equity	20	7,18,814.71	7,18,225.22
		7,26,784.26	**7,26,194.77**
LIABILITIES			
1. Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	21	14,666.67	20,000.00
(b) Provisions	22	47,190.34	46,854.69
(c) Deferred tax liabilities (Net)	23	2,006.67	5,045.68
		63,863.68	**71,900.37**
2. Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	24	86,868.79	84,090.00
(ii) Trade payables	25		
- Total outstanding dues of MSMED		1,057.41	379.11
- Total outstanding dues of creditors other than MSMED		98,893.71	82,000.28
(iii) Other financial Liabilities	26	43,318.90	44,041.28
(b) Other current liabilities	27	3,298.51	3,028.63
(c) Provisions	28	10,537.27	9,892.44
(d) Current tax liabilities (Net)	23	499.07	2,473.63
		2,44,473.66	**2,25,905.37**
TOTAL EQUITY & LIABILITIES		**10,35,121.59**	**10,24,000.51**
See accompanying notes forming part of the financial statements	1 to 49		

In terms of our report attached

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

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
22nd May, 2019

Sujit Gulati
Managing Director

D. C. Anjaria
Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

Gandhinagar
22nd May, 2019

STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31ST MARCH, 2019

(₹ in lakhs)

Particulars	Note	Year Ended 31st March 2019	2018
I Income			
Revenue from operations	29	8,57,453.65	6,30,926.86
Other income	30	10,489.82	9,466.71
Total income		**8,67,943.47**	**6,40,393.57**
II Expenses			
Cost of materials consumed	31	4,22,602.07	3,23,115.17
Purchase of stock in trade	32	2,06,291.64	79,550.91
Changes in inventories of finished goods, work in process and stock in trade	33	(48,768.45)	(4,264.37)
Power and Fuel		67,671.95	52,213.14
Excise duty		-	3,870.46
Employee benefits expense	34	52,122.73	50,926.24
Finance costs	35	6,126.13	5,135.23
Depreciation and amortization expense		12,560.56	11,912.09
Other expenses	36	82,795.21	68,855.67
Total Expenses		**8,01,401.84**	**5,91,314.54**
III Profit before tax		**66,541.63**	**49,079.03**
IV Tax expense			
Current tax		12,322.52	8,207.73
Deferred tax	23	5,311.05	4,973.58
MAT credit recognised		(689.37)	(1,544.53)
Earlier Year Tax	23	228.98	(10,131.10)
V Profit for the year		**49,368.45**	**47,573.35**
VI Other Comprehensive Income			
(A) Items that will be reclassified to profit or loss		**-**	**-**
(B) Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		(1,286.61)	(325.06)
Income tax effect on above		449.59	113.58
Net fair value (loss)/gain on investments in equity instruments at FVTOCI		(44,719.61)	24,269.60
- Income tax effect on above		7,346.07	7,598.63
Net other comprehensive income that will not be reclassified to profit or loss		**(38,210.56)**	**31,656.75**
VII Total Comprehensive Income for the year (V+VI)		**11,157.89**	**79,230.10**
Earnings per equity share (face value of ₹ 2/- each)			
Basic and Diluted Earnings per equity share:	37	**12.39**	**11.94**
See accompanying notes forming part of the financial statements	1 to 49		

In terms of our report attached

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

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
22nd May, 2019

Sujit Gulati
Managing Director

D. C. Anjaria
Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

Gandhinagar
22nd May, 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

(₹ in lakhs)

Particulars	As at 31st March 2019	2018
A Cash Flow From Operating Activities :		
Profit Before Tax	66,541.63	49,079.03
Adjustments for :		
Depreciation and amortisation expense	12,560.56	11,912.09
Amortisation of lease hold land	355.98	355.98
Finance cost	6,126.13	5,135.23
Interest income	(198.91)	(69.28)
Guarantee Comission Income	-	(63.88)
Loss on fixed assets sold/written off	17.23	39.39
Profit on sale of fixed assets	-	(0.08)
Dividend income	(3,705.86)	(2,791.83)
Provision for doubtful debts/advances	38.86	432.86
Operating Profit before Working Capital Changes	81,735.61	64,029.51
Movements in working capital:		
Inventories	(62,385.68)	(10,318.70)
Trade receivables, loans and advances and other assets	17,416.19	(27,934.54)
Trade payables, other current liabilities and provision	24,032.68	18,026.88
Cash Generated from Operations	60,798.80	43,803.15
Direct taxes paid (net of refunds)	(10,103.54)	(7,655.31)
Net Cash Flow from Operating Activities	50,695.26	36,147.84
B Cash Flow From Investing Activities :		
Purchase of property, plant & equipments (including CWIP & capital advances)	(29,559.43)	(49,793.65)
Proceeds from sale of property, plant & equipments	-	11.77
Purchase of non current investments	(2,202.75)	(1,844.32)
Addition to Asset Held for Sale (Net)	-	(18.23)
Interest received	196.51	68.10
Dividend received	3,705.86	2,791.83
Net Cash Flow used in Investing Activities	(27,859.80)	(48,784.50)
C Cash Flow From Financing Activities		
Repayment of long term borrowings	(40,536.86)	(5,170.64)
Proceeds from long term borrowings	30,000.00	20,000.00
Net increase/(decrease) in short term borrowings	2,778.81	13,940.24
Interest paid	(5,862.96)	(4,957.65)
Dividend paid (including tax thereon)	(10,550.00)	(10,500.11)
Net Cash Flow from/ (used in) Financing Activities	(24,171.01)	13,311.84
Net Increase/ (Decrease) in Cash & Cash Equivalents	(1,335.55)	675.18
Cash and Cash Equivalents as at the beginning of the year	5,033.05	4,357.87
Cash and Cash Equivalents as at end of the year (Refer Note-13)	3,697.50	5,033.05
Notes:		
Componants of Cash and cash equivalents		
Cash on hand	4.28	11.39
Balances with banks		
In current accounts	3,693.22	5,021.66
Total Cash and cash equivalents	3,697.50	5,033.05
The Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on Cash Flows Statement.		
See accompanying notes forming part of the financial statements		

In terms of our report attached

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

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
22nd May, 2019

Sujit Gulati
Managing Director

D. C. Anjaria
Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

Gandhinagar
22nd May, 2019

STATEMENT OF CHANGES IN EQUITY (SOCIE)

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

Particulars	Amount
Balance as at April 01, 2017	7,969.55
Changes in equity share capital during the year	-
Balance as at March 31, 2018	7,969.55
Balance as at April 01, 2018	7,969.55
Changes in equity share capital during the year	-
Balance as at March 31, 2019	7,969.55

Note (b) : Other equity **(₹ in lakhs)**

Particulars	Reserves & Surplus					Items of OCI	
	Capital reserve	Security premium	Capital redemption reserve	General reserve	Retained earnings	Equity Instruments through OCI	Total Equity
Balance as at April 01, 2017	**1,256.33**	**30,524.02**	**3,335.00**	**4,28,153.31**	**24,395.76**	**1,61,881.86**	**6,49,546.28**
Profit for the year	-	-	-	-	47,573.35	-	47,573.35
Other comprehensive income for the year net of income tax	-	-	-	-	-	31,868.23	31,868.23
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	-	-	-	-	(211.48)	-	(211.48)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**47,361.87**	**31,868.23**	**79,230.10**
Dividends paid [Note 20]	-	-	-	-	(8,766.51)	-	(8,766.51)
Dividend Distribution Tax (DDT) [Note 20]	-	-	-	-	(1,784.65)	-	(1,784.65)
Transfer to General reserve	-	-	-	18,000.00	(18,000.00)	-	-
Balance as at March 31, 2018	**1,256.33**	**30,524.02**	**3,335.00**	**4,46,153.31**	**43,206.47**	**1,93,750.09**	**7,18,225.22**
Balance as at April 01, 2018	**1,256.33**	**30,524.02**	**3,335.00**	**4,46,153.31**	**43,206.47**	**1,93,750.09**	**7,18,225.22**
Profit for the year	-	-	-	-	49,368.45	-	49,368.45
Other comprehensive income for the year net of income tax	-	-	-	-		(37,373.54)	(37,373.54)
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	-	-	-	-	(837.02)	-	(837.02)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**48,531.43**	**(37,373.54)**	**11,157.89**
Dividends paid [Note 20]	-	-	-	-	(8,766.51)	-	(8,766.51)
Dividend Distribution Tax (DDT) [Note 20]	-	-	-	-	(1,801.90)	-	(1,801.90)
Transfer to General reserve	-	-	-	38,000.00	(38,000.00)	-	-
Balance as at March 31, 2019	**1,256.33**	**30,524.020**	**3,335.00**	**4,84,153.31**	**43,169.49**	**1,56,376.56**	**7,18,814.71**

See accompanying notes forming part of the financial statements 1 to 49

In terms of our report attached

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

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
22nd May, 2019

Sujit Gulati
Managing Director

D. C. Anjaria
Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

Gandhinagar
22nd May, 2019

Notes to the Financial Statements

1 Corporate Information

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

These financial statements were authorised for issuance by the Board of Directors of the Company in their meeting held on May 22, 2019.

2 Basis of preparation of financial statements

2.1 Basis of preparation and compliance with Ind AS

The standalone financial statements (financial statements) of the Company as at and for the year ended March 31, 2019 has been prepared in accordance with Indian Accounting standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ('Act') and the Companies (Indian Accounting Standards) Rules issued from time to time and other relevant provisions of the Companies Act, 2013 (collectively called as Ind AS).

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

2.4 Current and non-current classification

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

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

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

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

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

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

All other assets are classified as non-current.

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

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

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

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

d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Current liabilities include current portion of non-current financial liabilities.

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

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

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

3.1 Revenue recognition

The Company derives revenues primarily from manufacturing of Fertilizers and Chemical Products.

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the modified retrospective cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. The effect on adoption of Ind AS 115 was insignificant.

Revenue from Operations is recognised in the Statement of Profit and Loss when:

- The income generating activities have been carried out on the basis of a binding agreement.
- The income can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Company.
- Costs relating to the transaction can be measured reliably.

Revenue for all businesses is recognized upon transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for the goods and services.

Sale of fertilizer products is recognised net of returns and trade discounts. Sales exclude sales tax/value added tax/GST collected on behalf of Government. Revenue is also recognised on sale of goods in case where the delivery is kept pending at the instance of the customer, as the performance obligation has been satisfied and control are transferred and customer takes title and accepts billing as per usual payment terms.

Sales of industrial products are accounted on the dispatch basis except export sales, which are recognised on the basis of bill of lading on satisfaction of performance and transfer of control.

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

Subsidy income - Subsidy income is recognised on the basis of the rates notified from time to time by the Government of India on the quantity of fertilisers sold by the Company for the period for which notification has been issued, further adjusted for input price escalation/ de-escalation estimated by management, based on prescribed norms as notified by Govt. of India.

Revenues in excess of invoicing are classified as contract assets (referred as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. Interest income is included in other income in the statement of profit and loss.

Dividends

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

Rental Income

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

3.2 Government grants

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

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

3.3 Taxes:

Tax expense comprises of current income tax & deferred tax

Current income tax

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

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

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

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

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

3.4 Non-current assets held for sale

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

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

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

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

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

3.5 Property, plant and equipment and intangible assets

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred

Assets under erection / installation of the existing projects and on-going projects are shown as "Capital Work in Progress".

Capital advances given for procurement of Property, plant and equipment are treated as other non-current assets.

In the absence of availability of specific original cost in respect of a part of assets capitalised under turn-key contracts, the original value of such asset written / disposed off is estimated on the basis of its current cost adjusted for price and technological factors.

Major cost of civil works required as plant and machinery supports, on the basis of technical estimates, is considered as Plant & Machinery.

Advances paid for the purchase / acquisitions of land in possession of the Company are included in the cost of land.

Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Cost of intangible assets comprises of purchase price and attributable expenditure on making the asset ready for its intended use. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Research and Development

Capital expenditure on Research & Development activities is included in Property, plant and equipment to the extent it has alternative economic use. Revenue expenditure pertaining to research activity is charged under respective account heads in the statement of Profit & Loss.

Depreciation methods, estimated useful lives and residual value

Depreciation on Property, plant and equipment is provided on Straight Line Method as per the useful life prescribed in Schedule II to the Company's Act, 2013. Depreciation on additions to Property, plant and equipment and assets disposed off/discarded is charged on pro-rata basis. Depreciation on commissioning of plants and other assets of new projects is charged for the days they are actually available for use.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and estimated useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Leasehold land, other than that on perpetual lease, is amortized over the life of the lease.

Intangible assets are amortized over their estimated economic lives but not exceeding ten years on a straight-line basis.

The useful lives of the property, plant and equipment are as follows:

Assets	Estimated Useful life
Freehold Land	—
Leasehold Land	20 years
Buildings	30-60 years
Bridge, culverts,bunders,etc.	30 years
Roads	5-10 years
Plant and machinery	15-25 years
Furniture and fittings	10 years
Motor Vehicles	5-10 years
Railway sidings	15 years
Office equipment	5 years
Computers and Data Processing units	3-6 years
Laboratory equipment	10 years
Electrical Installation and Equipment	10 years
Library books	15 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.6 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is determined:

(i) In case of individual asset, at higher of the fair value less cost to sell and value in use; and

(ii) In case of cash-generating unit (a Company of assets that generates identified, independent cash flows), at the higher of the cash-generating unit's fair value less cost to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.7 Borrowing costs

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

3.8 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

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

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

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

Company as a lessor

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

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

3.9 Inventories

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, process chemicals, stores and spares, packing materials, trading and other products are determined on weighted average basis.

Net realisable value represents the estimated selling price (including subsidy income, where applicable) of inventories less all estimated costs of completion & costs necessary to make the sale.

3.10 Employee benefits

(i) Short-term employee benefits

Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

(ii) Post Employment benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company has set up separate recognized Provident Fund trusts for all the units of the Company.

Contributions paid/payable for Provident Fund of eligible employees and National Pension Scheme is recognized in the statement of Profit and Loss each year. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trusts and the interest rate notified by Government.

Liability on account of such shortfall, if any, is provided for based on the actuarial valuation carried out as at the end of the year.

(b) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Post employment defined benefits plans comprise of gratuity, superannuation and Post Retirement Medical Benefit for eligible employees of the Company. Post employment benefits are recognized as an expense in the statement of profit and loss for the year in which the employee has rendered services. The Company also contributes to a government administered Family Pension fund on behalf of its employees. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. Re-measurement in OCI is reflected immediately in retained earnings and is not reclassified to profit & loss.

(iii) Other long term employee benefits

Other long term employee benefits comprise of leave encashment for eligible employees of Company. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

3.11 Financial instruments

Financial instruments are recognised when the

Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

(A) Financial Assets

The Company determines the classification of its financial assets at initial recognition. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The financial assets are classified in the following measurement categories:

a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

b) Those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss as incurred.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments.

(i) Amortised Cost

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

a) The asset is held within a business model with the objective of collecting the contractual cash flows, and

b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost include loans receivable, trade and other receivables, and other financial assets that are held with the objective of collecting contractual cash flows. After initial measurement at fair value, the financial assets are measured at amortised cost using the effective interest rate (EIR) method, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the Statement of Profit or Loss in other income.

(ii) Fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

(iii) Financial assets at fair value through profit or loss

The Company classifies the following financial assets at fair value through profit or loss:

a) Debt investments that do not qualify for measurement at amortised cost;

b) Debt investments that do not qualify for measurement at fair value through other comprehensive income; and

c) Debt investments that have been designated at fair value through profit or loss.

Financial assets at fair value through profit or loss include financial assets held for trading, debt securities and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the Balance Sheet at fair value with net changes in fair value presented as finance costs in profit or loss if the same is considered as an adjustment to borrowing cost. Interests, dividends and gain/loss on foreign exchange on financial assets at fair value through profit or loss are included separately in other income.

If Company elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in profit or loss as other income when the Company's' right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss shall be recognised in other gain/(losses) in the statement of profit or loss as applicable.

Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates is carried at deemed cost in the separate financial statements.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Impairment of Financial Assets

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance.

b) Trade receivables or any contractual right to receive cash or other financial asset that result from transactions that are within the scope of Ind AS 18.

An expected credit loss is the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the company expects to receive. The expected credit losses consider the amount and timing of payments and hence, a credit loss arises even if the Company expects to receive the payment in full but later than when contractually due. The expected credit loss method requires to assess credit risk, default and timing of collection since initial recognition. This requires recognising allowance for expected credit losses in profit or loss even for receivables that are newly originated or acquired.

Impairment of financial assets is measured as either 12 month expected credit losses or life time expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. '12 month expected credit losses' represent the expected credit losses resulting from default events that are possible within 12 months after the reporting date. 'Lifetime expected credit losses' represent the expected credit losses that result from all possible default events over the expected life of the financial asset.

Trade receivables are of a short duration, normally less than 12 months and hence the loss allowance measured as lifetime expected credit losses does not differ from that measured as 12 month expected credit losses. The Company uses the practical expedient in Ind AS 109 for measuring expected credit losses for trade receivables using a provision matrix based on ageing of receivables.

The Company uses historical loss experience and derived loss rates based on the past twelve months and adjust the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the ageing of the amounts that are past due and are generally higher for those with the higher ageing.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recognised using the effective interest rate (EIR), which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial asset is recognised using the original EIR.

Dividends

Dividends are recognised as revenue when the right to receive payment is established.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(B) Financial Liabilities

The Company determines the classification of its financial liabilities at initial recognition.

Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss. Loans and borrowings, payables are subsequently measured at amortised cost where as derivatives are measured at fair value through profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss include financial liabilities to hedge risks which are not designated as hedges. At initial recognition, the Company measures financial liabilities at its fair value. Financial liabilities at fair value through profit and loss are carried in the Balance Sheet at fair value with changes recognised in the Statement of Profit and Loss.

Financial liabilities measured at amortised cost

Financial liabilities are initially recognised at fair value, net of transaction cost incurred and are subsequently measured at amortised cost, using the EIR method. Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest charge over the relevant effective interest rate period. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(C) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counter party.

(D) Derivative financial instruments

The Company's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Company's risk management strategy. Changes in values of all derivatives of a financing nature are included within financing costs if the same is considered as adjustment to borrowing cost in the Statement of Profit and Loss whereas other foreign exchange fluctuation is disclosed under other expenses. The Company does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date.

(E) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

3.12 Foreign currencies

(a) Functional and presentation currency

The financial statements are presented in Indian Rupees, which is the Company's functional and presentation currency. Each entity in the Company determines its own functional currency (the currency of the primary economic environment in which the entity operates) and items included in the financial statements of each entity are measured using that functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Profit and Loss within 'Finance costs'. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss within 'Other operating expenses'.

3.13 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

3.14 Segment accounting:

The Chief Operational Decision Maker monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The Operating segments have been identified on the basis of the nature of products/services.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter Segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocated to segments on a reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

The Company has identified two reportable business segments i.e. Fertilizer products and Industrial products. The Company operates mainly in Indian market and there are no reportable geographical segments.

3.15 Provisions, Contingent liabilities, Contingent assets and Commitments: General

Provisions are recognised only when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;

A present obligation arising from the past events, when no reliable estimate is possible;

A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

3.16 Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

3.17 Cash flow statement

Cash flow are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals of accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and finance activities of the Company are segregated.

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

3.18 Recent Accounting Pronouncements:

Standard issued but not yet effective

Issue of INDAS 116 – Lease Accounting

Effective from1 April 2019, IND AS 116 shall supercede the existing IND AS 17 and company shall be required to adopt IND AS 116- lease accounting, which shall require the following:

As lessee:

Lease liability is initially recognised and measured at an amount equal to the present value of minimum lease payments during the lease term that are not yet paid.

Right-of-use asset is recognised and measured at cost, consisting of initial measurement of lease liability plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, initial estimate of the restoration costs and any initial direct costs incurred by the lessee.

The lease liability is measured in subsequent periods using the effective interest rate method. The right- of-use asset is depreciated in accordance with the requirements in Ind AS 16, Property, plant and equipment.

Recognition and measurement exemption is available for low-value assets and short-term leases. Assets of low-value include IT equipment or office furniture. No monetary threshold has been defined for low- value assets. Short-term leases are defined as leases with a lease term of 12 months or less.

If an entity chooses to apply any one of the exemptions, payments are recognised on a straight-line basis or another systematic basis that is more representative of the pattern of the lessee's benefit.

As lessor:

Entities are not required to reassess existing lease contracts but can elect to apply the guidance regarding the definition of a lease only to contracts entered into (or charged) on or after the date of initial application (grandfathering). This applies to both contracts that were not previously identified as containing a lease applying Ind As 17 and those that were previously identified as leases in Ind As 17.

Full retrospective application is optional.

Lessee can elect to apply the simplified approach and not restate the comparative information. The cumulative effect of applying the standard is recognised as an adjustment to the opening balance of retained earnings at the date of initial application.

The company does not expect the impact of new standard to be material on its retained earnings and to its net income on an ongoing basis.

4 Critical and significant accounting judgements, estimates and assumptions

4.1 Critical estimates and judgements

The following are the critical judgements, apart from those involving estimations that the management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Useful lives of property, plant and equipment and intangible assets:

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2019 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

Allowance for expected credit losses:

Note 42 describes the use of practical expedient by computing the expected credit loss allowance for trade receivables other than subsidy receivables based on provision matrix. The expected credit allowance is based on the aging of the days receivables are due and the rates derived based on past history of defaults in the provision matrix. As regards subsidy receivables, the Company does not believe that there is any credit risk as dues are receivable from the Government and hence no allowance for expected credit loss is made.

Dismantling cost of property, plant and equipment:

Note 22 describes assets retirement obligation on estimate basis for property, plant and equipment. The management estimates dismantling cost considering size of the asset and its useful life in line with industry practices.

Stores and spares inventories:

The Company's manufacturing process is continuous and highly mechanical with wide range of different types of plant and machineries. The Company keeps stores and spares as standby to continue the operations without any disruption. Considering wide range of stores and spares and long lead time for procurement of it and based on criticality of spares, the Company believes that net realizable value would be more than cost.

Fair value of investments:

The Company has invested in the equity instruments of various companies. However, the percentage of shareholding of the Company in some of such investee companies is low and hence, it has not been provided with future projections including projected profit and loss account by those investee companies. Hence, the valuation exercise carried out by the Company with the help of an independent valuer has estimated the fair value at each reporting period based on available historical annual reports and other information in the public domain. In case of other companies, where there are no comparable companies' valuations available (also includes start-up companies) and no further information available for future projections, capacity utilisation, commencement of operations, etc., the method of valuation followed is cost approach. The Company evaluates the aforesaid position at each period end.

Income taxes:

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

4.2. Significant accounting judgements, estimates and assumptions

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the standalone financial statements:

Operating lease commitments – Company as lessor

The company has entered into commercial property leases. It has determined, based on an evaluation of the terms and conditions of the arrangements that the lease term does not constitute a major part of the economic life of the commercial property and the present value of the minimum lease payments does not constitute the fair value of the asset. Thus, it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based on its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow model. The cash flows are derived from the budget for the next five years and do not include activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the Cash Generating Unit being tested. The recoverable amount is sensitive to the discount rate used for the Discounted Cash Flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans

The cost of the defined benefit plans viz. gratuity, superannuation for the eligible employees of the Company are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rate.

Further details about gratuity obligations are given in Note 38.

Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

5. Property, Plant and Equipment

(₹ in lakhs)

PARTICULARS	GROSS BLOCK As at 01-Apr-18	Additions	Deductions/ Adjustments	As at 31-Mar-19	ACCUMULATED DEPRECIATION As at 01-Apr-18	Charge for the year	Deductions/ Adjustments	As at 31-Mar-19	NET BLOCK Balance As at 31-Mar-19	Balance As at 31-Mar-18
Freehold land	551.47	-	-	551.47	-	-	-	-	551.47	551.47
Leasehold land	705.30	-	-	705.30	19.19	6.41	-	25.60	679.70	686.11
Buildings	17,830.15	892.94	5.33	18,717.76	1,525.44	652.46	3.01	2,174.89	16,542.87	16,304.71
Bridge, culverts,bunders,etc.	0.18	-	-	0.18	0.06	0.02	-	0.08	0.10	0.12
Roads	138.48	270.80	-	409.28	37.99	6.81	-	44.80	364.48	100.49
Plant and machinery	2,10,468.56	69579.61	104.85	2,79,943.32	26,946.23	10554.68	97.27	37,403.64	2,42,539.68	1,83,522.33
Furniture and fittings	601.41	6594.07	14.91	7,180.57	158.62	135.16	14.17	279.61	6,900.96	442.79
Motor Vehicles	200.27	57.70	17.48	240.49	120.45	31.50	16.61	135.34	105.15	79.82
Railway sidings	2,122.13	-	-	2,122.13	325.95	116.16	-	442.11	1,680.02	1,796.18
Office equipment	683.29	106.98	5.85	784.42	301.48	121.72	5.87	417.33	367.09	381.81
Computers and Data Processing units	333.64	230.37	39.61	524.40	121.18	102.34	37.32	186.20	338.20	212.46
Laboratory equipment	597.04	953.57	19.41	1,531.20	169.92	74.03	15.87	228.08	1,303.12	427.12
Electrical Installation and Equipment	6,370.29	4698.94	-	11,069.23	779.71	641.41	-	1,421.12	9,648.11	5,590.58
Library books	16.96	-	-	16.96	6.10	1.57	-	7.67	9.29	10.86
TOTAL	2,40,619.17	83,384.98	207.44	3,23,796.71	30,512.32	12,444.27	190.12	42,766.47	2,81,030.24	2,10,106.85
Capital work in progress									18,702.38	76,132.93

PARTICULARS	GROSS BLOCK As at 01-Apr-17	Additions	Deductions/ Adjustments	As at 31-Mar-18	ACCUMULATED DEPRECIATION As at 01-Apr-17	Charge for the year	Deductions/ Adjustments	As at 31-Mar-18	NET BLOCK Balance As at 31-Mar-18	Balance As at 31-Mar-17
Freehold land	551.47	-	-	551.47	-	-	-	-	551.47	551.47
Leasehold land	705.30	-	-	705.30	12.77	6.42	-	19.19	686.11	692.53
Buildings	17,461.27	388.30	19.42	17,830.15	877.05	663.93	15.54	1,525.44	16,304.71	16,584.22
Bridge, culverts,bunders,etc.	0.18	-	-	0.18	0.04	0.02	-	0.06	0.12	0.14
Roads	138.48	-	-	138.48	28.83	9.16	-	37.99	100.49	109.65
Plant and machinery	1,92,331.22	18350.46	213.12	2,10,468.56	17,250.30	9895.10	199.17	26,946.23	1,83,522.33	1,75,080.92
Furniture and fittings	666.35	4.66	69.60	601.41	145.10	78.19	64.67	158.62	442.80	521.26
Motor Vehicles	200.34	-	0.07	200.27	89.18	31.34	0.07	120.45	79.82	111.16
Railway sidings	2,122.13	-	-	2,122.13	164.15	161.80	-	325.95	1,796.18	1,957.98
Office equipment	673.78	119.88	110.37	683.29	261.10	136.48	96.10	301.48	381.81	412.68
Computers and Data Processing units	450.76	71.33	188.45	333.64	205.82	91.34	175.98	121.18	212.46	244.94
Laboratory equipment	599.40	10.68	13.04	597.04	112.56	68.82	11.46	169.92	427.12	486.84
Electrical Installation and Equipment	4,765.13	1605.16	-	6,370.29	295.17	484.54	-	779.71	5,590.58	4,469.96
Library books	16.96	-	-	16.96	4.42	1.68	-	6.10	10.86	12.54
TOTAL	2,20,682.77	20,550.47	614.07	2,40,619.17	19,446.49	11,628.82	562.99	30,512.32	2,10,106.86	2,01,236.29
Capital work in progress									76,132.93	27,167.68

Notes

1. The Company has commissioned 40000 MTPA Melamine-III plant at a cost of ₹ 80756.00 Lakhs, 957 KWH Solar power plant ₹ 404.00 Lakhs & 5000 MTPA SAG/ SAL plant ₹ 241.00 Lakhs during FY 2018-19.
2. Asset acquisition includes R&D assets of ₹ 20.83 lakhs (previous year ₹ 88.08 lakhs).
3. The Company has acquired land through Government and also through direct negotiations. The entire land is in possession of the Company. In respect of portion of land for which the Company has still not received the award/sale deed, the advance paid to land owners have been treated as land. In respect of other portion of land acquired through direct negotiations, compensation has been paid at the negotiated price. The Company also holds possession of a portion of land for which no amount has been paid in absence of receipt of awards.
4. The Company has leased a portion of its land to Bank of Baroda for bank premises at Fertilizernagar and Sikka and Gas Authority of India Ltd. (GAIL) for establishment of CNG pumping station.
5. Buildings include ₹ 0.02 lakh being the value of shares in Co-operative Housing Societies.
6. The Company established Sikka Jetty at its own cost, which is in operation since 1987. After due discussion with Gujarat Maritime Board (GMB), a consensus was arrived at establishing ownership of jetty with the Company. Thereafter, in terms of resolution passed by GMB, the ownership of the jetty at Sikka was transferred to the Company. However, during 1994, GMB has reversed its earlier decision not supported by resolution and contended that the ownership of the jetty rests with GMB. The Company has made representation to the appropriate authority with regards to the ownership of the jetty with the Company.The matter of deciding the status of Jetty was under examination at GMB & Government of Gujarat levels since long back. Various meetings were also held and after due diligence on the matter, it is decided by the Board of GMB supported by a resolution to assign the status of Captive Jetty to sikka jetty and the Company has to sign Captive Jetty Agreement with GMB. The matter is under discussion with GMB authorities. Pending finalization of the Captive Jetty Agreement, no provision is considered necessary in respect of various claims against the Company and counter-claims of the Company (both the amounts not determined). At present the Company is in possession of the Jetty and continues to be the owner of the Jetty pending signing of the Agreement.

6. Intangible assets

(₹ in lakhs)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01-Apr-18	Additions	Deductions/ Adjustments	As at 31-Mar-19	As at 01-Apr-18	Charge for the year	Deductions/ Adjustments	As at 31-Mar-19	Balance As at 31-Mar-19	Balance As at 31-Mar-18
Computer software	1,234.42	36.14	-	1,270.56	857.45	116.29	-	973.74	296.82	376.97
TOTAL	**1,234.42**	**36.14**	**-**	**1,270.56**	**857.45**	**116.29**	**-**	**973.74**	**296.82**	**376.97**

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01-Apr-17	Additions	Deductions/ Adjustments	As at 31-Mar-18	As at 01-Apr-17	Charge for the year	Deductions/ Adjustments	As at 31-Mar-18	Balance As at 31-Mar-18	Balance As at 31-Mar-17
Computer software	1,234.42	0.00	-	1,234.42	574.18	283.27	-	857.45	376.97	660.24
TOTAL	**1,234.42**	**-**	**-**	**1,234.42**	**574.18**	**283.27**	**-**	**857.45**	**376.97**	**660.24**

7. Non-current investments

(₹ in lakhs)

Praticulars		As at 31-03-2019	As at 31-03-2018
Investments in equity shares of Associates measured at cost			
14,302	Shares of Vadodara Enviro Channel Ltd. - ₹ 10 each*	-	-
12,50,000	Shares of Gujarat Green Revolution Company Ltd. - ₹ 10 each	125.00	125.00
1,63,34,558	Shares of Karnalyte Resources Inc - Canadian Dollar (CAD) (1,02,88,697 shares subscribed during the year)	4,064.38	3,126.69
		4,189.38	**3,251.69**
Investments in equity shares of subsidiary measured at cost			
47,99,994	Shares of GSFC Agrotech Ltd. - ₹ 10 each	480.00	480.00
Unquoted equity shares of other companies measured at fair value through OCI			
11,25,000	Shares of Indian Potash Limited - ₹ 10 each	6,242.17	15,191.10
12,26,31,575	Shares of Gujarat Chemical Port Terminal Co. Ltd. - ₹ 1 each	23,177.37	18,640.00
7,12,20,000	Shares of Bhavnagar Energy Company Ltd.- ₹ 10 each) (Note-2) (**1,20,00,000** shares subscribed during the year)	-	2,931.39
2,35,00,000	Shares of Gujarat State Petroleum Corporation Limited - ₹ 1 each	1,882.35	1,886.96
41,79,848	Shares of Tunisian Indian Fertilizers (TIFERT s.a.) - TND 10 each (Note - 3)	-	-
60,000	Shares of Gujarat Venture Finance Limited - ₹ 10 each	89.28	74.02
50,000	Shares of Biotech Consortium India Limited - ₹ 10 each	19.02	19.59
1,15,000	Shares of Gujarat Data Electronics Limited - ₹ 10 each	-	-
		31,410.19	**38,743.06**
Quoted equity shares of other companies measured at fair value through OCI			
3,07,79,167	Shares of Gujarat Narmada Valley Fertilizers Co. Ltd. - ₹ 10 each	94,168.86	1,12,020.78
2,23,62,784	Shares of Gujarat Industries Power Company Ltd. - ₹ 10 each	15,899.94	21,647.18
16,55,040	Shares of Gujarat Alkalies & Chemicals Ltd. - ₹ 10 each	8,164.31	11,561.28
4,69,14,475	Shares of Gujarat Gas Ltd. - ₹ 2 each (For the FY 17-18, No. of shares was 93,82,895, the same are split from ₹10 face value per share to ₹ 2 face value per share during the year)	69,480.34	78,178.28
9,35,600	Shares of Gujarat State Financial Corporation - ₹ 10 each	-	-
20,00,000	Shares of GRUH Finance Limited - ₹ 2 each (10,00,000 Bonus shares received during the year)	5,516.00	5,752.50
5,49,440	Shares of Industrial Development Bank of India - ₹ 10 each	256.31	396.70
5,79,000	Shares of Mangalore Chemicals & Fertilizers Ltd. - ₹ 10 each	234.50	350.30
		1,93,720.26	**2,29,907.02**
Total FVTOCI Investments		**2,25,130.45**	**2,68,650.08**
Other equity investments			
Tunisian Indian Fertilizers (TIFERT) (Note - 5)		**1,729.40**	**1,664.32**
TOTAL INVESTMENTS		**2,31,529.23**	**2,74,046.08**
Aggregate book value of Quoted Investments		1,93,720.26	2,29,907.02
Aggregate market value of Quoted Investments		1,93,720.26	2,29,907.02
Aggregate carrying value of Unquoted Investments		37,808.97	44,139.07

7. Non-Current Investments (Contd...)

Category-wise other investments-as per Ind AS 109 classification

Particulars	31-03-2019	31-03-2018
Financial assets carried at fair value through profit or loss (FVTPL)	-	-
Financial assets carried at amortised cost	4,669.38	3,731.69
Financial assets measured at FVTOCI	2,26,859.85	2,70,314.40
TOTAL INVESTMENTS	**2,31,529.23**	**2,74,046.09**

Notes:

** Less than a Thousand*

1) There is no change in the no of shares compare to previous year, except where specifically mentioned above under each case.

2) As per Notification of Govt of Gujarat, Bhavnagar Energy Company Ltd. is Merged with Gujarat State Electricity Corpo. Ltd. As per the Meger scheme, the company will receive 1 No of share of GSECL.

3) The equity shares held by the Company in Tunisian Indian Fertilizers S.A., Tunisia (TIFERT) have been pledged to secure the obligations of TIFERT to their lenders.

4) Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities. Refer note 42 for determination of their fair values.

5) The company has provided a loan of USD 2.50 Mn to TIFERT for procurement of critical spares and equipments. Loan has been provided with a condition of compulsory conversion in equity shares of TIFERT after 3 years from the date of agreement and it carries an interest of daily average LIBOR plus a margin of 225 basis points. Principal amount of the loan along with unpaid interest will be converted into equity shares of TIFERT at face value after 3 years of agreement, accordingly the same has been classified as Investment, as in substance the nature is of the investment.

8. Other non-current financial assets

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good		
Other deposits	4,415.80	4,369.25
Unsecured, considered doubtful		
Deposits with companies & others	102.70	102.70
Less: Allowance for doubtful deposits	-102.70	-102.70
TOTAL	**4,415.80**	**4,369.25**

9. Other non current assets

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Capital Advances*	32,152.02	31,360.74
Prepaid Expenses	6.03	6.03
Prepayment for Leasehold Land	957.44	1,031.82
Others	204.84	164.68
TOTAL	**33,320.33**	**32,563.27**

*Capital advance as on 31st March, 2019 includes ₹ 28,857.98 lakhs (₹ 29,139.57 lakhs as at 31st March,2018), advance for leasehold land pending execution of lease deed towards plot no. D-3/4 in Dahej III admeasuring 2979922.19 sq.meter.

Notes to the Financial Statements

10. Inventories

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Raw materials	24,904.49	22,791.19
Raw materials in Transit	10,308.56	2,518.40
Work-in-Process	1,534.20	1,582.77
Finished goods	63,386.86	30,648.96
Stock in trade	22,169.69	6,155.74
Stock in trade-in Transit	65.16	-
Stores and spares (including packing material)	20,634.09	16,921.56
Loose tools	22.45	21.20
TOTAL	1,43,025.50	80,639.82

11. Trade receivables

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Secured, considered good	1,052.65	1,032.39
Unsecured, considered good	94,052.96	95,675.44
Unsecured, credit impaired	6,942.39	7,026.01
TOTAL	1,02,048.00	1,03,733.84
Less: Allowance for doubtful debts (including ECL)	6,942.39	7,026.01
TOTAL	95,105.61	96,707.83

The average credit period on sale of goods is 30 to 90 days. No interest is charged on trade receivables upto the expiry of the credit period. Thereafter, interest is charged at 15% per annum on the outstanding balance.

The Company has one customer (GSFC Agrotech Limited) who represent more than 5% of the total balance of trade receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. Refer note 42 for the provision matrix at the end of the reporting period, ageing of receivable and movement in the expected credit loss allowance.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. Refer note 42 for the credit risk management by the Company.

The above balances include trade receivables from related parties ₹ 15941.46 Lakhs (₹ 5697.12 Lakhs as on 31 March 2018) Refer note 40.

12. Government subsidies receivable

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Subsidy from Government of India under New Urea Policy/Retention Price/Nutrient Based Subsidy Scheme*		
Outstanding for a period exceeding six months from due date	1,01,671.00	1,10,115.00
Outstanding for a period not exceeding six months from due date	72,244.35	65,040.38
TOTAL	**1,73,915.35**	**1,75,155.38**
Less: Allowance for doubtful debts	966.38	966.38
TOTAL	1,72,948.97	1,74,189.00

Notes to the Financial Statements

As agreed by Department of Fertilizers vide its Office Memorandum dated 16th March, 2017, it has started releasing outstanding subsidy from 01/04/2010 to 17/03/2013 and as required, the Company has submitted cost data for the period 18/03/2013 to 05/03/2017 to Department of Fertilizers "DoF" to examine the eligibility of GSFC for the payment of subsidy. The same is under process at DoF. The outstanding receivable on account of Ammonium Sulphate subsidy claims related to the period 01/04/2010 to 17/03/2013 is ₹ 30.12 Crores and for 18/03/2013 to 05/03/2017 is ₹ 246.68 Crores as on 31st March 2019.

13. Cash and cash equivalents

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Cash and cash equivalents		
Cash on hand	4.28	11.39
Balances with banks		
In current accounts	3,693.22	5,021.66
	3,697.50	**5,033.05**

14. Other bank balances

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
In Unclaimed dividend account-restricted	544.35	525.91
In Fractional bonus account-restricted	10.58	10.58
In Deposit accounts (original maturity more than three months)	647.57	645.36
TOTAL	**1,202.50**	**1,181.85**

If the dividend has not been claimed within 30 days from the date of its declaration, the Company is required to transfer the total amount of the dividend which remains unpaid or unclaimed, to a special account to be opened by the Company in a scheduled bank to be called "Unpaid Dividend Account". The unclaimed dividend lying in such account is required to be transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government after a period of seven years from the date of declaration. Company has transferred Unclaimed Dividend upto FY 2010 – 2011 to IEPF upto March 31, 2019.

15. Loans

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Secured, considered good		
Loans to employees*	16,462.37	14,895.61
Unsecured, considered good		
Advances to employees	65.15	122.19
Other loans to employees	873.53	916.11
Interest accrued	25.07	22.67
Others	19.66	53.52
	17,445.78	**16,010.10**

Notes:

* The loans are secured by mortgage of the underlying assets and are repayable on demand.

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counter parties. These financial assets are carried at amortised cost.

Notes to the Financial Statements

16. Other current financial assets

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Financial assets at fair value through profit & loss		
Derivatives not designated in hedging relationship		
Foreign exchange option contracts	9.40	1,063.65
Financial assets at amortised cost		
Others	227.59	757.59
TOTAL	**236.99**	**1,821.24**

17. Other Current Assets

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good		
Balances with govt. agencies:	12,413.70	20,273.89
Advances paid towards Equity Contribution	-	-
Advances to suppliers*	8,367.18	15,558.52
Prepaid expenses	421.28	294.92
Prepayment for Lease hold lands	355.98	355.98
TOTAL	**21,558.14**	**36,483.31**

* includes advances to related parties ₹ 7027 lakhs (₹ 9648 lakhs as at 31st March, 2018).

18. Assets held for sale

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Assets classified as held for sale*	703.98	703.98
TOTAL	**703.98**	**703.98**

* Expected net realizable value is higher than carrying amount.

The Company decided to sell plant and machinery amounting to ₹ 300.26 Lakhs which is of obsolete technology. The Company expects to sell the same in near future. There is no cost to sell the asset and hence the same is not presented seperately under liabilities.

During the year 2017-2018, company has acquired possession of Residential Property located at, New Delhi against outstanding receivables, value of which amounts to ₹ 403.72 Lakhs.

19. Share Capital

(₹ in lakhs)

Particulars	As at 31st March 2019		As at 31st March 2018	
	Number of shares Refer Note (a) below	Amount	Number of shares Refer Note (a) below	Amount
Authorised				
Equity Shares of ‘ 2/- each	1,00,00,00,000	20,000.00	1,00,00,00,000	20,000.00
Redeemable Cumulative Preference	1,60,00,000	16,000.00	1,60,00,000	16,000.00
Shares of ‘100 each		36,000.00		36,000.00
Issued, Subscribed and Paid up:				
Issued				
Equity Shares: Face value of ‘ 2/- each				
Shares outstanding at beginning of the year	39,91,21,850	7,982.44	39,91,21,850	7,982.44
Shares outstanding at year end	**39,91,21,850**	**7,982.44**	**39,91,21,850**	**7,982.44**
Subscribed				
Equity Shares: Face value of ‘ 2/- each				
Shares outstanding at beginning of the year	39,90,69,685	7,981.39	39,90,69,685	7,981.39
Shares outstanding at year end	**39,90,69,685**	**7,981.39**	**39,90,69,685**	**7,981.39**
Paid-up				
Equity Shares: Face value of ‘ 2/- each				
Shares outstanding at beginning of the year	39,84,77,530	7,969.55	39,84,77,530	7,969.55
Shares outstanding at year end	**39,84,77,530**	**7,969.55**	**39,84,77,530**	**7,969.55**
TOTAL	**39,84,77,530**	**7,969.55**	**39,84,77,530**	**7,969.55**

a) Reconciliation of Shares outstanding at the beginning and the end of the reporting period

(₹ in lakhs)

Particulars	As at 31st March 2019		As at 31st March 2018	
	Number of shares	Amount	Number of shares	Amount
Equity Shares				
At the beginning of the year	39,84,77,530	7,969.55	39,84,77,530	7,969.55
Issued / Reduction, if any during the year	-	-	-	-
Outstanding at the end of the year	39,84,77,530	7,969.55	39,84,77,530	7,969.55

b) Rights, preferences and restrictions attached to shares

Equity shares

The Company has one class of equity shares having a par value of ₹ 2 each. Each shareholder is eligible for one vote per share held. The dividend proposed by Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) Shareholders holding more than 5% of equity share capital

Particulars	As at 31st March 2019		As at 31st March 2018	
	Number of shares	Percentage of holding	Number of shares	Percentage of holding
Gujarat State Investments Limited	15,07,99,905	37.84	15,07,99,905	37.84
Life Insurance Corporation of India	3,17,97,658	7.98	3,17,78,658	7.98
Fidelity Puritan Trust-Fidelity Low priced stock fund	2,85,00,000	7.15	2,89,00,000	7.25

Notes to the Financial Statements

20. Other equity (₹ in lakhs)

Particulars	Reserves & Surplus					Items of OCI	
	Capital reserve	Security premium	Capital redemption reserve	General reserve	Retained earnings	Equity Instruments through OCI	Total Equity
Balance as at April 01, 2017	**1256.33**	**30524.02**	**3,335.00**	**428153.31**	**24395.76**	**161881.86**	**6,49,546.28**
Profit for the year	-	-	-	-	47,573.35	-	47,573.35
Other comprehensive income for the year net of income tax	-	-	-	-	-	31,868.23	31,868.23
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	-	-	-	-	(211.48)	-	(211.48)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**47,361.87**	**31,868.23**	**79,230.10**
Dividends paid [Note 20]	-	-	-	-	(8,766.51)	-	(8,766.51)
Dividend Distribution Tax (DDT) [Note 20]	-	-	-	-	(1,784.65)	-	(1,784.65)
Transfer to General reserve	-	-	-	18,000.00	(18,000.00)	-	-
Balance as at March 31, 2018	**1,256.33**	**30,524.02**	**3,335.00**	**4,46,153.31**	**43,206.47**	**1,93,750.09**	**7,18,225.22**
Balance as at April 01, 2018	**1,256.33**	**30,524.02**	**3,335.00**	**4,46,153.31**	**43,206.47**	**1,93,750.09**	**7,18,225.22**
Profit for the year	-	-	-	-	49,368.45	-	49,368.45
Other comprehensive income for the year net of income tax	-	-	-	-	-	(37,373.54)	(37,373.54)
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	-	-	-	-	(837.02)	-	(837.02)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**48,531.43**	**(37,373.54)**	**11,157.89**
Dividends paid [Note 20]	-	-	-	-	(8,766.51)	-	(8,766.51)
Dividend Distribution Tax (DDT) [Note 20]	-	-	-	-	(1,801.90)	-	(1,801.90)
Transfer to General reserve	-	-	-	38,000.00	(38,000.00)	-	-
Balance as at March 31, 2019	**1,256.33**	**30,524.02**	**3,335.00**	**4,84,153.31**	**43,169.49**	**1,56,376.56**	**7,18,814.71**

Distributions made and proposed

(₹ in lakhs)

Particulars	Amount
Cash dividends on equity shares declared and paid:	
Final dividend for the year ended on 31 March 2018: ₹ 2.20 per share (31 March 2017: ₹ 2.20 per share)	8,766.51
DDT on final dividend	1,801.90
Total cash dividends declared and paid	**10,568.41**
Proposed dividends on Equity shares:	
Final dividend for the year ended on 31 March 2019: ₹ 2.20 per share (31 March 2018: ₹ 2.20 per share)	8,766.51
DDT on final dividend	1,801.90
Total Proposed dividends	**10,568.41**
Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon).	

1. **Capital Reserve:** This reserve has been created from amounts forfeited on shares not fully paid up, scheme of capital subsidy for industries in backwards areas, etc. It is not available for distribution of dividend.
2. **Securities Premium:** The amount received in excess of face value of the Rights Equity shares issued have been recognised in Share Premium Reserve, etc. It is not available for distribution of dividend.
3. **Capital Redemption Reserve:** Capital Redemption Reserve has been created against the redemption of preference shares in earlier years. It is not available for distribution of dividend.
4. **General Reserve:** General Reserve represents a reserve other than capital reserve which is not earmarked for a specific purpose.
5. **Retained Earnings:** Retained Earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.
6. **Other comprehensive Income (OCI):** OCI comprises items of income and expenses (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by Indian Accounting Standards. The components of OCI include: re-measurements of defined benefit plans, gains and losses arising from investment in equity instruments.

Notes to the Financial Statements

21. Long term borrowings

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Secured		
Term loan from bank*	14,666.67	20,000.00
TOTAL	**14,666.67**	**20,000.00**

Note:

* The term loan from bank comprises of Rupee Term Loan (RTL) from EXIM bank for 40,000 MTPA Melamine III Project at Baroda Unit of GSFC having tenure of 5 years. The sanctioned limit of the loan is ₹ 500 Crores carrying G-sec rate prevailing as on the date of disbursement with spread of 160 bps (G – sec rate and spread will be reset annually). GSFC had availed ₹ 150 Crore during F.Y. 2018-19 having effective rate of interest 8.50%. During the year, company pre – paid ₹ 150 Crore. The effective rate of interest for outstanding balance of ₹ 200 Crore is 8.18%. This loan is secured by hypothecation of movable fixed assets of the said project. The principal amount of loan is repayable over a period of 15 equal quarterly installments commencing after a moratorium of 18 months from the date of first disbursement which will be due on 01.04.2019.

Financial Year	Amount in ₹ Lakhs
2019-20	5333
2020-21	5333
2021-22	5333
2022-23	4001

22. Long term provisions

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Provision for employee benefits		
Provision for Gratuity (Refer Note 38)	5,714.52	4,589.10
Provision for Pension (Refer Note 38)	19,373.43	20,907.46
Provision for Compensated absences*	16,454.70	15,871.45
Provision for Post Retirement Medical Benefit Scheme (PRMBS) (Refer Note 38)	3,839.45	3,838.57
Other Provisions		
Provision for Asset Retirement Obligation	1,808.24	1,648.11
TOTAL	**47,190.34**	**46,854.69**

Movement in provision for Asset Retirement Obligation:

Particulars	Provision for Asset Retirement Obligation
Balance as at 1st April, 2018	1,648.11
Additional provision recognised	160.13
Balance as at 31st March, 2019	1,808.24

Notes to the Financial Statements

23.

A Income tax asset (net) (₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Advance payment of Income Tax (net)	9,901.82	13,634.97

B Current tax liabilities (net) (₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Provision for Income Tax (net)	499.07	2,473.63

C Deferred tax liabilities (net) (₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
(a) Statement of Profit & loss		
Profit & loss section		
Current income tax charge (net of MAT credit entitlement)	11,633.15	6,663.20
Deferred tax relating to origination & reversal of temporary differences	5,311.05	4,973.60
Earlier Year Tax	228.98	(10,131.10)
Income tax expense reported in the statement of profit or loss	**17,173.18**	**1,505.70**
(b) Other comprehensive income section		
Unrealised (gain)/loss on FVTOCI equity securities	(7,346.07)	(7,598.63)
Net loss/(gain) on remeasurements of defined benefit plans	(449.59)	(113.57)
Income tax charged to OCI	**(7,795.67)**	**(7,712.20)**
(c) Reconciliation of tax expense and the accounting profit multiplied by		
Accounting profit before income tax [A]	**66,541.63**	**49,079.03**
Statutory income tax rate	34.944%	34.608%
Tax at statutory income tax rate of 34.944%	**23,252.31**	**16,985.27**
Tax effects of :		
Income not subject to tax	(1,323.74)	(2,271.90)
Inadmissible expenses or expenses treated separately	8,929.45	8,771.89
Admissible deductions	(14,152.87)	(11,412.96)
Deduction Under chapter - VI	(5,072.01)	(5,409.10)
Deferred tax on other items	**5,311.05**	**4,973.60**
Total tax effect	**(6,308.12)**	**(5,348.47)**
Income tax expense	16,944.19	11,636.80
Earlier year tax	228.98	(10,131.10)
Income tax expense reported in statement of Profit & loss	**17,173.17**	**1,505.70**

(d) Deferred tax relates to the following: (₹ in lakhs)

	Balance sheet		Profit & loss	
	31-Mar-19	31-Mar-18	2018-19	2017-18
Property, plant and equipment	(50,543.44)	(45,778.14)	4,765.30	3,078.26
Expenses allowable for tax purpose when paid	8,287.35	8,927.63	640.28	847.80
Investments in Equity instruments	19,108.32	11,762.24	(7,346.07)	(7,598.63)
Fair valuation of deposits	0.41	0.64	0.23	0.01
Actuarial loss on Defined benefit plan	9,205.89	8,756.29	(449.60)	(196.69)
Fair valuation of Derivatives	(6.65)	(6.64)	0.01	0.06
Machinery Spares	1,464.17	1,464.17	-	(14.08)
Allowance for doubtful debts	5,303.07	5,316.05	12.98	1,120.90
ARO provision	389.91	333.95	(55.96)	(40.01)
ICDS Impact	95.83	44.03	(51.80)	63.76
Reclassification of MAT Credit entitlement	4,688.47	4,134.08	(554.39)	133.43
Deferred tax expense/(income)	**-**	**-**	**(3,039.02)**	**(2,605.19)**
Net deferred tax assets/(liabilities)	**(2,006.67)**	**(5,045.68)**	**-**	**-**
Reconciliation of deferred tax liabilities (net):				
Opening Balance as at	**31-03-2018**	**31-03-2017**		
	(5,045.68)	**(7,650.89)**		
Tax income/(expense) during the period recognised in P&L	(5,311.05)	(4,973.58)		
Tax income/(Expense) MAT credit recognised in P&L	554.39	(133.43)		
Tax income/(expense) during the period recognised in OCI	7,795.67	7,712.22		
Closing balance as at	**(2,006.67)**	**(5,045.68)**		
	31-03-2019	**31-03-2018**		

Notes:

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

24. Financial Liabilities- borrowings

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Secured		
Loans repayable on demand		
From Banks		
Cash credit account *	16,365.96	18,252.69
Unsecured		
Loans repayable on demand		
Short term working capital demand loan/over drafts from banks	2.83	14,538.36
Inter Corporate Deposits	70,500.00	-
Other loans and advances		
Buyers credit and bill discounting facility	-	51,298.95
TOTAL	**86,868.79**	**84,090.00**

* The Cash credit facility from consortium of banks is secured by hypothecation of stock of raw materials, finished products, packing materials, general stores, spares, book debts etc. of the Company.

Interest rate details for short term borrowings:

(i) Cash credit accounts carry interest rates ranging from 8.15% to 9.70% p.a.

(ii) Overdraft from banks carries interest rate at 8.35% p.a.

(iii) Inter Corporate Deposits carries interest at 7.75% p.a.

(iv) Buyers credit carries interest at ranging from 1.04% to 2.35% p.a.

25. Current financial liabilities-trade payables

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Due to Micro, Small and Medium Enterprises (MSMED)*	1,057.41	379.11
Others**	98,893.71	82,000.28
TOTAL	**99,951.12**	**82,379.39**

Particulars	As at 31st March, 2019	As at 31st March, 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1,057.41	379.11
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	NIL	NIL
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	NIL	NIL
(iv) The amount of interest due and payable for the year	NIL	NIL
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	NIL	NIL
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	NIL	NIL

*Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.
The above balances include trade payables to related parties ₹ 358.89 Lakhs (₹ 4077.56 Lakhs as on 31 March 2018) Refer Note 40.

Notes to the Financial Statements

26. Other current financial liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Other financial liabilities at amortised cost		
Current maturities of long term debt	5,333.33	5,203.53
Interest accrued but not due on borrowings	489.12	225.96
Unclaimed dividend*	544.35	525.91
Unpaid matured deposits*	-	0.25
Deposits received	5,330.78	5,319.84
Dues to shareholders for fractional bonus shares	19.42	19.42
Liability towards employee benefits	5,684.92	3,440.77
Creditors for capital goods	25,873.71	28,725.75
Other payables	43.27	579.85
TOTAL	**43,318.90**	**44,041.28**

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

27. Other current liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Advances from customers	1,543.87	1,164.01
Statutory dues	1,751.36	1,857.22
Income received in advance	3.28	7.40
TOTAL	**3,298.51**	**3,028.63**

28. Provisions

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Provision for employee benefits		
Provision for Gratuity (Refer note 38)	1,812.46	1,894.74
Provision for Compensated absences*	3,507.67	3,257.51
Provision for Pension (Refer note 38)	4,476.75	4,541.66
Provision for PRMBS (Refer note 38)	210.39	198.53
Other Provision**	530.00	-
TOTAL	**10,537.27**	**9,892.44**

* The provision for Compensated absences pertains to accrued ordinary and sick leave entitlements. The change in carrying amount of the provision results from additional provision recognized net of benefits paid.

** Employees' Provident Fund Trust of the Company (GSFC-EPFT) is holding investments aggregating to ₹ 2120 Lakhs in various debt securities issued by IL&FS Group. In view of uncertainties regarding recoverability of such investment, the Company has, as a matter of prudence, made a provision of 25% of this investment, towards probable incremental employee benefit liability that may arise on the Company on account of any likely shortfall of the GSFC-EPFT in meeting its obligations.

Notes to the Financial Statements

29. Revenue from operations

(₹ in lakhs)

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
Revenue from sale of products (including subsidy on fertilizers)		
(Refer note no. 12)		
- Manufactured / Generated products	6,56,049.91	5,50,508.62
- Traded products	2,01,403.74	80,418.24
Total	**8,57,453.65**	**6,30,926.86**
Revenue from operation above includes:-		
Subsidy from Government of India under New Urea Policy/Retention Price Scheme/Nutrient Based Subsidy Scheme		
Pertaining to current year	2,46,113.00	1,73,188.00
Pertaining to earlier years determined during current year	10,369.00	(6,688.00)
TOTAL	**2,56,482.00**	**1,66,500.00**

30. Other income

(₹ in lakhs)

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
Interest on (gross)	3,284.65	2,939.42
Dividend from long term investments	3,705.86	2,791.83
Rent	157.19	219.00
Insurance claims	562.37	153.35
Excess provision no longer required	1,353.07	1,441.32
Bank guarantee commission	-	116.52
Scrap sales	753.19	1,554.63
Miscellaneous income	673.49	250.56
TOTAL	**10,489.82**	**9,466.64**

31. Cost of material consumed

(₹ in lakhs)

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
Raw Materials		
Opening stock	25,309.60	18,795.42
Add : Purchases	4,32,505.52	3,29,692.34
Less : Closing stock	35,213.05	25,309.59
TOTAL	**4,22,602.07**	**3,23,115.17**

32. Purchase of stock in trade

(₹ in lakhs)

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
Purchase of Stock in Trade	2,06,291.64	79,550.91
TOTAL	**2,06,291.64**	**79,550.91**

Notes to the Financial Statements

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

(₹ in lakhs)

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
Opening stock		
Finished products	30,648.95	29,357.39
Stock in trade	6,155.74	3,219.50
Work-in-process	1,582.77	1,546.19
	38,387.46	**34,123.08**
Less: Closing stock		
Finished products	63,386.86	30,648.94
Stock in trade	22,234.85	6,155.74
Work-in-process	1,534.20	1,582.77
	87,155.91	**38,387.45**
(Increase) / Decrease	**(48,768.45)**	**(4,264.37)**

34. Employee benefit expenses

(₹ in lakhs)

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
Salaries, wages, bonus	37,415.45	37,042.69
Contribution to provident, gratuity and superannuation (pension) funds (including provisions)	7,915.50	7,208.49
Staff Welfare expenses	6,791.79	6,675.06
TOTAL	**52,122.73**	**50,926.24**

Employee benefit expenses includes R&D salary expenses of ₹ 895.91 lakhs (previous year ₹ 851.11 lakhs)(Refer note no. 43)

35. Finance costs

(₹ in lakhs)

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
Interest		
- borrowings	5,073.58	3,544.20
- others	439.23	1,007.62
Other borrowing cost	613.32	583.41
TOTAL	**6,126.13**	**5,135.23**

36. Other expenses

(₹ in lakhs)

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
Consumption of stores and spare parts	10,324.33	8,917.39
Water	2,905.24	2,683.44
Packing expenses	9,669.91	9,037.96
Repairs to buildings	430.54	294.35
Repairs to machinery	6,307.36	5,508.58
Other repairs	829.58	669.06
Insurance	580.82	666.68
Rent, rates and taxes	157.18	342.48

36. Other expenses (Contd...) **(₹ in lakhs)**

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
Product transportation, distribution & loading & unloading charges	35,238.83	26,801.97
Depots and farm information centers expense	3,241.58	3,556.80
Marketing expense reimbursement, demonstration, extension services and publicity etc.	864.90	722.29
Foreign exchange gain/loss (net)	6,909.72	3,224.19
Directors sitting fees	7.30	6.12
Auditors' remuneration *	25.15	23.20
Cost auditors' fees	5.16	5.28
Loss on fixed assets sold/discarded	17.23	39.32
Allowance for doubtful debts	38.86	432.86
Amortisation of leasehold land	355.98	355.98
Donations and contributions	411.09	1,559.73
Miscellaneous	4,474.45	4,007.92
TOTAL	**82,795.21**	**68,855.67**
Other expenses includes R&D expenses of ₹ 10.43 lakhs (previous year ₹ 17.76 lakhs) in respective heads (Refer note no. 43)		

***Auditors' remuneration**

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
Payment to Statutory Auditors:		
For Statutory audit	7.00	10.59
For Taxation matters	2.00	1.00
For other services (including Limited Review fees & certification)	14.65	6.82
For Reimbursement of expenses	1.50	4.79
	25.15	**23.20**

37. Earnings per share (EPS): (₹ in lakhs)

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
i. Profit attributable to Equity holders of the Company		
Profit attributable to equity holders of the Company		
Continuing operations	49,368.45	47,573.35
Discontinued operations	-	-
Profit attributable to equity holders of the Company for basic earnings	49,368.45	47,573.35
Effect of dilution	-	-
Profit attributable to equity holders of the Company adjusted for the effect of dilution	**49,368.45**	**47,573.35**
ii. Weighted average number of ordinary shares		
Issued ordinary shares	39,84,77,530	39,84,77,530
Effect of dilution	-	-
	39,84,77,530	39,84,77,530
Basic EPS (₹)	12.39	11.94
Diluted EPS (₹)	12.39	11.94
Nominal value per share (₹)	2.00	2.00

38. Gratuity and other post employment benefit plans

a) The Company operates post employment and other long term employee benefits defined plans as follows:

I. Funded

i. Gratuity

ii. Pension

II. Unfunded

i. Post retirement medical benefit scheme

Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment Risk: The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest Risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.

Longevity Risk: The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk: The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

b) Defined contribution plans:

Amount towards Defined Contribution Plans have been recognised under "Contributions to Providend, Gratuity and Superannuation Fund (pension) Funds (including provisions)" in Note : 34 ₹ 2996.94 lakhs for financial year 2018-19 (₹ 2,876.03 lacs for financial year 2017-18).

c) Details of funded & unfunded plans are as follows: **(₹ in lakhs)**

Description	Pension		Gratuity	
	2018-19	2017-18	2018-19	2017-18
1. Changes In Present Value of obligation				
a. Obligation as at the beginning of the year	61080.53	58669.04	27860.47	27890.11
b. Current Service Cost	796.25	586.39	1259.31	1299.12
c. Interest Cost	4739.84	4254.11	2182.49	2019.06
d. Actuarial (Gain)/Loss	303.51	1858.06	741.81	(1134.55)
e. Benefits Paid	(5826.19)	(4287.07)	(3040.36)	(2213.27)
f. Obligation as at the end of the year	61093.93	61080.53	29003.72	27860.47
The defined benefit obligation as at 31.03.2018 is	Funded	Funded	Funded	Funded
2. Changes in Fair Value of Plan Assets				
a. Fair Value of Plan Assets as at the beginning of the year	35631.39	32985.70	21376.92	19143.29
b. Expected return on Plan Assets	2765.00	2391.58	1674.89	1385.94
c. Actuarial Gain/(Loss)	-107.38	323.70	-70.52	196.79
d. Contributions	4780.95	4217.48	1535.82	2864.17
e. Benefits Paid	(5826.19)	(4287.07)	(3040.36)	(2213.27)
f. Fair Value of Plan Assets as at the end of the year	37243.76	35631.39	21476.75	21376.92

38. Employment benefit plans (Contd...) (₹ in lakhs)

Description	Pension		Gratuity	
	2018-19	2017-18	2018-19	2017-18
3. Amount Recognised In The Balance Sheet				
a. Fair Value of Plan Assets as at the end of the year	37,243.76	35,631.39	21,476.75	21,376.92
b. Present Value of Obligation as at the end of the year	(61,093.93)	(61,080.53)	(29,003.72)	(27,860.47)
c. Amount recognised in the Balance Sheet	(23,850.18)	(25,449.14)	(7,526.97)	(6,483.55)
4. Expense recognised in P & L during the year				
a. Current Service Cost	796.25	586.39	1,259.31	1,299.12
b. Net Interest Cost	1,974.84	1,862.53	507.60	633.09
c. Expense recognised during the year	2,771.09	2,448.92	1,766.91	1,932.21
5. Expense recognised in OCI during the year				
a. Return on Plan Assets,Excluding Interest Income	107.38	(323.70)	70.52	(196.79)
b. Actuarial (Gain)/Loss recognised on Obligation	303.51	1,858.06	741.81	(1,134.55)
c. Net (Income)/Expense recognised during the year	410.89	1,534.36	812.33	(1,331.34)
6. Investment Details of Plan Assets				
Administered by LIC of India	100%	100%	100%	100%

Maturity Profile	Pension		Gratuity		PRMBS	
Projeted benefit payable in future year from the date of reporting	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
1st Following year	8,264.41	7,586.01	3,763.98	3,431.67	210.39	198.53
2nd Following year	4,781.35	5,014.61	2,314.11	2,387.23	222.75	213.17
3rd Following year	7,264.87	6,582.70	3,367.34	3,041.78	235.95	226.13
4th Following year	8,047.22	6,853.33	3,738.51	3,147.03	250.81	240.16
5th Following year	9,450.90	7,490.71	4,350.66	3,473.96	269.05	255.93
Sum of year 6 to 10	32,595.43	32,016.43	14,324.85	14,646.11	1,530.07	1,509.96
Sum of year 11 and above	-	-	16,530.70	17,116.76	-	-

Description	PRMBS	
	2018-19	2017-18
1. Changes In Present Value of the defined benefit obligation		
a. Obligation as at the beginning of the year	4,037.11	3,947.53
b. Current Service Cost	166.89	177.01
c. Interest Cost	290.54	253.58
d. Actuarial (Gain)/Loss	63.38	122.04
e. Benefits Paid	(508.08)	(463.05)
f. Obligation as at the end of the year	4,049.84	4,037.11
The defined benefit obligation as at 31.03.2018 is	Unfunded	Unfunded

38. Employment benefit plans (Contd...) (₹ in lakhs)

Description	PRMBS	
	2018-19	2017-18
2. Amount Recognised In The Balance Sheet		
a. Fair Value of Plan Assets as at the end of the year	—	—
b. Present Value of Obligation as at the end of the year	(4,049.84)	(4,037.11)
c. Amount recognised in the Balance Sheet	(4,049.84)	(4,037.11)
3. Expense recognised in P & L during the year		
a. Current Service Cost	166.89	177.01
b. Interest Cost	290.54	253.58
c. Expense recognised during the year	457.43	430.59
4. Expense recognised in OCI during the year		
a. Return on Plan Assets,Excluding Interest Income	—	—
b. Actuarial (Gain)/Loss recognised on Obligation	63.38	122.04
c. Net (Income)/Expense recognised during the year	63.38	122.04

The expense is disclosed in Note No. 34 - "Employee Benefit Expenses", Pension & Gratuity are disclosed in line item - Contribution to Provident Fund,and provision to Gratuity, Superannuation (Pension) Funds. Leave Encashment is disclosed in line item - Salaries, Wages and Bonus and PRMBS is disclosed in line item - Welfare funds.

d) Assumptions	31.03.2019	31.03.2018
a. Discount Rate (per annum)	7.78%	7.45%
b. Estimated Rate of return on Plan Assets (per annum)	N.A.	N.A.
c. Salary Escalation Rate (per annum)	6%	6%
d. Salary Medical Inflation Rate (per annum)	N.A.	N.A.

e. The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

f. The estimate of martality rate during employment has been considered as per Indian Assured Lives Mortality (2006-08).

g. Provident Fund contributions are made to Trusts administered by the Company. The interest rate payable to the members of the Trusts shall not be lower than the statutory rate of interest declared by the Central Government under the Employees provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. Having regard to the assets of the Fund managed by the Trusts and the return on the investments, the Company does not expect any deficiency in the foreseeable future except in case of IL&FS wherein Employees' Provident Fund Trust of the Company (GSFC-EPFT) is holding investments aggregating to ₹ 2120 Lakhs in various debt securities issued by IL&FS Group. In view of uncertainties regarding recoverability of such investment, the Company has, as a matter of prudence, made a provision of 25% of this investment, towards probable incremental employee benefit liability that may arise on the Company on account of any likely shortfall of the GSFC-EPFT in meeting its obligations.

38. Employment benefit plans (Contd...)

(₹ in lakhs)

Description	2018-19		
	Pension	Gratuity	PRMBS
e) Effect of one percentage point change in the assumed Discount Rate			
a. One percentage point increase in Discount Rate	(2,856.59)	(1,426.56)	(406.71)
b. One percentage point decrease in Discount Rate	3,143.43	1,585.38	494.89
Effect of one percentage point change in the assumed Salary Escalation Rate			
a. One percentage point increase in Salary Escalation Rate	3,167.46	1,596.53	NA
b. One percentage point decrease in Salary Escalation Rate	(2,928.63)	(1,461.47)	NA
Effect of one percentage point change in the assumed medical inflation rate-Benefit Obligation			
a. One percentage point increase in medical inflation rate	NA	NA	509.43
b. One percentage point decrease in medical inflation rate	NA	NA	297.90

f Details of funded & unfunded plans are as follows:

Pension	2018-19	2017-18	2016-17	2015-16	2014-15
Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)					
1 Present Value of Defined Benefit Obligation	61,093.93	61,080.53	58,669.04	50,362.00	35,708.00
2 Fair Value of Plan Assets	37,243.76	35,631.39	32,985.70	31,863.73	31,135.98
3 Status [Surplus/(Deficit)]	(23,850.18)	(25,449.14)	(25,683.34)	(18,498.27)	(4,572.02)
4 Experience Adjustment of Plan Assets	(107.38)	323.70	116.31	-	-
5 Experience/Assumptions Adjustment of obligation [(Gain)/Loss]	303.51	1,858.06	7,958.89	15,143.18	534.77
Gratuity	**2018-19**	**2017-18**	**2016-17**	**2015-16**	**2014-15**
Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)					
1 Present Value of Defined Benefit Obligation	29,003.72	27,860.47	27,890.11	26,260.45	21,072.46
2 Fair Value of Plan Assets	21,476.75	21,376.92	19,143.29	18,443.70	17,772.18
3 Status [Surplus/(Deficit)]	(7,526.97)	(6,483.55)	(8,746.82)	(7,816.75)	(3,300.33)
4 Experience Adjustment of Plan Assets	(70.52)	196.79	19.15	-	-
5 Experience/Assumptions Adjustment of obligation [(Gain)/Loss]	741.81	(1,134.55)	636.00	4,665.37	(460.73)

38. Employment benefit plans (Contd...)

(₹ in lakhs)

PRMBS		2018-19	2017-18	2016-17	2015-16	2014-15
Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)						
1	Present Value of Defined Benefit Obligation	4,049.84	4,037.11	3,947.53	3,636.09	2,678.04
2	Fair Value of Plan Assets	-	-	-	-	-
3	Status [Surplus/(Deficit)]	(4,049.84)	(4,037.11)	(3,947.53)	(3,636.09)	(2,678.04)
4	Experience Adjustment of Plan Assets	-	-	-	-	-
5	Experience/Assumptions Adjustment of obligation [(Gain)/Loss]	63.38	122.04	362.45	354.77	-

39. Commitment and contingencies

a. Commitments

(₹ in lakhs)

Particulars		As at Mar-19	As at Mar-18
(i)	Commitment for equity contribution & others	-	5,439.00
(ii)	Estimated amount of contracts remaining to be executed on capital accounts and not provided	12,757.00	11,048.00

b. Contingent liabilities

(₹ in lakhs)

Particulars		As at Mar-19	As at Mar-18
Claims against the Company not acknowledgement as debt			
(i)	Excise duty	12,366.00	11,266.00
(ii)	Central sales tax and value added tax	5,661.00	5,644.00
(iii)	Income tax	13,776.01	7,948.00
(iv)	Other claims by:		
	- Statutory corporations	43,862.00	43,610.00
Income tax assessment orders contested		5,674.20	4,552.00
-	Department of Fertilizers, total amount not quantifiable, demands stayed, matter pending with High Courts	Refer Note:12	Refer Note:12
-	Employees / ex-employees, contractual labour – pending before courts	Not ascertainable	Not ascertainable

In respect of the above, the expected outflow will be determined at the time of final resolution of the dispute.

c. Contingent Assets

The Company does not have any contingent assets.

40. Related party transactions

(₹ in lakhs)

Name of the Party	Nature of Relationship	Nature of Transaction	2018-19	2017-18
GSFC Agrotech Limited	Subsidiary	Purchase of goods	1,385.75	1,284.10
		Sale of materials/Goods	44,360.68	29,863.76
		Commission income	4.85	10.86
		Margin given	414.57	-
		Rent receipt	9.15	11.14
		Reimbursement of expense	80.98	-
		Expenses recovered	1,033.60	549.54
		Equity contribution	-	180.00
		ICD Received	1,000.00	-
		ICD Repaid	1,000.00	-
		Interest expense on ICD	46.69	-
		Dividend Received	48.00	30.00
		Outstanding balance-Payable	(757.64)	167.69
		Outstanding balance-Receivable	15,741.25	5,366.16
Gujarat Arogya Seva Private Limited	Subsidiary of Subsidiary	-	-	-
Vadodara Enviro Channel Ltd. (Erstwhile Effluent Channel Project Ltd.)	Associate	Usage of effluent channel	317.20	286.16
		Outstanding balance-Payable	22.71	1.25
Gujarat Green Revolution Company	Associate	Expenses recovered	165.30	179.92
		ICD Received	5,500.00	-
		ICD Repaid	5,500.00	-
		Interest expense on ICD	33.86	-
		Dividend Received	6.25	6.25
		Outstanding balance-Receivable	58.27	53.61
Gujarat Data Electronics Limited	Associate	-	-	-
Karnalyte Resources Inc.	Associate	Expenses recovered	85.87	9.77
		Outstanding balance-Payable	15.72	15.67
Tunisian Indian Fertilizer Company (TIFERT)	Other related party	Purchase of Material	33,545.39	25,376.85
		Expenses recovered	26.57	27.22
		Advance to vendor	7,027.18	9,648.08
		Outstanding balance-Payable	(1,357.10)	1,848.84
GSFC Education society	Other related party	Donation Granted	508.49	-
		Outstanding balance-Payable	-	-
Managing Director	Key Management Personnel	Remuneration	129.60	113.53
V D Nanavaty – ED (Finance) & Chief Financial Officer	Key Management Personnel			
V V Vachhrajani, Sr. VP (Legal) & Company Secretary	Key Management Personnel			
Gujarat Alkalies and Chemicals Limited	Other related party	Purchase of Materials	2,401.10	1,861.46
		Sale of Product	1,242.51	663.12
		Expenses recovered	6.79	8.65
		Outstanding balance-payable	112.47	88.27
		Dividend Received	107.58	82.75
		Outstanding balance-receivable	108.13	74.66
Gujarat Narmada Valley Fertilizers Company Limited	Other Related Party	Purchase of Materials	585.96	32.34
		Fees for Services	34.17	23.99
		Sale of Material	6,909.14	5,994.52
		Dividend Received	2,308.44	1,538.96
		Outstanding balance-Payable	(14.62)	(1.88)
		Outstanding balance-Receivable	26.31	179.70

Notes to the Financial Statements

Name of the Party	Nature of Relationship	Nature of Transaction	2018-19	2017-18
Gujarat Industries Power Company Limited.	Other Related Party	Purchase of power	17,822.01	12,021.85
		Sale of power	187.47	135.07
		Dividend Received	603.79	603.79
		Expenses recovered	20.46	-
		Outstanding balance-Receivable	7.49	22.99
		Outstanding balance-Payable	8.91	26.99
Gujarat State Petroleum Corporation Ltd.	Other Related Party	Purchase of Gas	3,854.86	2,793.48
		Fees for Services	5.90	-
		Outstanding balance-payable	99.99	153.01
Indian Potash Ltd.	Other Related Party	Purchase of Material	13,556.11	8,405.10
		Dividend Received	33.75	33.75
		Outstanding balance-payable	2,228.45	1,777.72
The Fertilizer Association of India	Other Related Party	Fees for Services	19.86	16.39
		Outstanding balance-payable	-	-

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Related Party Transaction amounts shown in above table are inclusive of taxes.Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31st March,2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with key management personnel:

(₹ in lakhs)

Remuneration to key management personnel:	For the year ended	
	31-Mar-19	31-Mar-18
Short term employee benefits	117.53	102.85
Post employment benefits	6.17	5.50
Long-term employee benefits	5.90	5.18
Total	**129.60**	**113.53**

Notes to the Financial Statements

41. Segment information

For management purposes, the company is organised into business units based on its products and has two reportable segments, as follows:

1. **Fertilizer products** comprising of Urea, Ammonium Sulphate, Di-ammonium Phosphate, Ammonium Phosphate Sulphate, NPK (12:32:16), (10:26:26), traded fertilizer products etc.
2. **Industrial products** comprising of Caprolactam, Nylon-6, Nylon Filament Yarn, Nylon Chips, Melamine, Methanol, Polymer products, traded industrial products etc.

   The Chief Operating Decision Maker ("CODM") evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by the two operating segments. The CODM reviews revenue and gross profit as the performance indicator for both operating segments.

(₹ in lakhs)

			31-Mar-19	31-Mar-18
A]	SEGMENT REVENUE:			
1	TOTAL SEGMENT REVENUE			
	a)	Fertilizer Products	6,39,814.54	4,51,922.92
	b)	Industrial Products	2,17,639.11	1,79,003.94
	TOTAL		8,57,453.65	6,30,926.86
2	INTER SEGMENT REVENUE		-	-
3	EXTERNAL REVENUE (1 - 2)			
	a)	Fertilizer Products	6,39,814.54	4,51,922.92
	b)	Industrial Products	2,17,639.11	1,79,003.94
	TOTAL		8,57,453.65	6,30,926.86
B]	RESULT:			
1	Segment result			
	a)	Fertilizer Products	28,621.91	30,334.85
	b)	Industrial Products	38,212.83	18,819.11
	TOTAL		66,834.74	49,153.96
2	a)	Unallocated income	8,921.23	8,886.41
	b)	Unallocated expenses	(3,088.21)	(3,826.11)
3	Operating Profit (B1 + B2)		72,667.76	54,214.26
4	Finance Cost		(6,126.13)	(5,135.23)
5	Provision for Taxation:			
	Current Income Tax		(12,322.52)	(8,207.73)
	Deferred Tax (net)		(5,311.05)	(4,973.58)
	MAT credit recognised		689.37	1,544.53
	Income Tax Previous Year written back		(228.98)	10,131.10
6	Net Profit		49,368.45	47,573.35
C]	OTHER INFORMATION:			
1	Segment assets			
	a)	Fertilizer Products	5,30,188.52	4,58,680.23
	b)	Industrial Products	2,08,934.42	2,11,726.47
	TOTAL		7,39,122.94	6,70,406.70
2	Unallocated corporate assets		2,95,998.65	3,53,593.78
3	Total Assets		10,35,121.59	10,24,000.48
4	Segment Liabilities			
	a)	Fertilizer Products	1,40,329.39	1,20,863.49
	b)	Industrial Products	73,694.66	81,204.47
	TOTAL		2,14,024.05	2,02,067.96
5	Unallocated corporate liabilities		94,313.29	95,737.77
6	Total Liabilities		3,08,337.34	2,97,805.73

(₹ in lakhs)

		31-Mar-19	31-Mar-18
7	Capital Expenditure		
	a) Fertilizer Products	5,730.70	7,088.69
	b) Industrial Products	14,525.73	60,923.19
	c) Corporate Capital Expenditure	5,526.70	889.75
	TOTAL	25,783.13	68,901.63
8	Depreciation and Amortisation		
	a) Fertilizer Products	7,420.69	7,247.98
	b) Industrial Products	4,946.40	4,466.57
	c) Unallocated corporate	193.47	197.54
	TOTAL	12,560.56	11,912.09
9	Non-Cash expenses		
	a) Fertilizer Products	6,024.31	4,981.46
	b) Industrial Products	3,775.33	2,949.15
	c) Unallocated non-cash expenses	44.27	309.88
	TOTAL	9,843.91	8,240.49

42. Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The carrying value of financial instruments by categories as of 31 st March, 2019 is as follows. (₹ in lakhs)

Particulars	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial assets								
Non-current investments	-	2,25,130.45	6,398.78	2,31,529.23	1,93,720.26	-	31,410.19	2,25,130.45
Other Non-current financial asset	-	-	4,415.80	4,415.80	-	-	-	-
Trade receivables	-	-	95,105.61	95,105.61	-	-	-	-
Government subsidy receivable	-	-	1,72,948.97	1,72,948.97	-	-	-	-
Cash and cash equivalents	-	-	3,697.50	3,697.50	-	-	-	-
Other bank balances	-	-	1,202.50	1,202.50	-	-	-	-
Current loans	-	-	17,445.78	17,445.78	-	-	-	-
Derivative financial instruments	9.40	-	-	9.40	-	9.40	-	9.40
Other Current financial asset	-	-	227.59	227.59	-	-	-	-
	9.40	2,25,130.45	3,01,442.53	5,26,582.38	1,93,720.26	9.40	31,410.19	2,25,139.85
Financial liabilities								
Non current borrowings	-	-	14,666.67	14,666.67	-	-	-	-
Current borrowings1	-	-	86,868.79	86,868.79	-	-	-	-
Trade payables1	-	-	99,951.12	99,951.12	-	-	-	-
Other current financial liabilities	-	-	43,318.90	43,318.90	-	-	-	-
	-	-	2,44,805.47	2,44,805.47	-	-	-	-
The carrying value of financial instruments by categories as of 31 st March, 2018 is as follows. (₹ in lakhs)								
Financial assets								
Non-current investments	-	2,68,650.08	5,396.01	2,74,046.09	2,29,907.02	-	38,743.06	2,68,650.08
Other Non-current financial asset	-	-	4,369.25	4,369.25	-	-	-	-
Trade receivables	-	-	96,707.83	96,707.83	-	-	-	-
Government subsidy receivable	-	-	1,74,189.00	1,74,189.00	-	-	-	-
Cash and cash equivalents	-	-	5,033.05	5,033.05	-	-	-	-
Other bank balances	-	-	1,181.85	1,181.85	-	-	-	-
Current loans	-	-	16,010.10	16,010.10	-	-	-	-
Derivative financial instruments	1,063.65	-	-	1,063.65	-	1,063.65	-	1,063.65
Other Current financial asset	-	-	757.59	757.59	-	-	-	-
	1,063.65	2,68,650.08	3,03,644.68	5,73,358.41	2,29,907.02	1,063.65	38,743.06	2,69,713.73
Financial liabilities								
Non current borrowings	-	-	20,000.00	20,000.00	-	-	-	-
Current borrowings1	-	-	84,090.00	84,090.00	-	-	-	-
Trade payables1	-	-	82,379.39	82,379.39	-	-	-	-
Other current financial liabilities	-	-	44,041.28	44,041.28	-	-	-	-
	-	-	2,30,510.67	2,30,510.67	-	-	-	-

1 - carrying value approximates to the fair value

B. Measurement of fair values & Sensitivity Analysis

i) Valuation techniques and significant unobservable inputs

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information abouthow the fair values of financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial instruments measured at fair value **(₹ in lakhs)**

Financial assets / financial liabilities	Fair Value (₹ In Lakhs) as at		Fair Value hierarchy	Valuation technique(s) and key input(s)
	31-03-2019	31-03-2018		
1) Investments in equity instruments at FVTOCI (quoted) (see note 7)	Listed equity securities in various companies engaged in fertilizer, chemicals,finance, gas, power and mining industry aggregate fair value of ₹ 193,720.26	Listed equity securities in various companies engaged in fertilizer, chemicals,finance, gas, power and mining industry aggregate fair value of ₹ 229,907.02	Level 1	Quoted bid prices in an active market

(₹ in lakhs)

Particulars	Valuation technique(s) & key input(s)	Fair Value (Rs. In Lakhs) as at		Fair Value hierarchy	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
		31-03-2019	31-03-2018			
2) Investments in equity instruments at FVTOCI (unquoted) (see note 7)	Market Approach- Comparable companies-In this approach, the value of shares / business of a company is determined based on market multiples of publicly traded comparable companies. The appropriate multiple is generally based on performance of listed companies with similar business model and size (Refer note 1 below).	Investment in companies engaged in business of storage facilities - aggregate fair value of ₹ 23,177.37	Investment in companies engaged in business of storage facilities - aggregate fair value of ₹ 18,640.00	Level 3	Market Multiple Discount ranging from 15% to 25% (As at 31.3.18 from 15% to 20%)	Increasing/Decreasing the Market Multiples by probability weighted range, would change the FV by +INR 2,599.79 lakhs & -INR 2,440.37 lakhs (As at 31.3.18 +INR 2,256.42 lakhs & -INR 2,133.79 lakhs)
		Investment in companies engaged in business of fertilizers industry - aggregate fair value of ₹ 6,242.18	Investment in companies engaged in business of fertilizers industry - aggregate fair value of ₹ 15,191.10		Discount to EV/EBITDA Multiple ranging from -0.50% to 0.50% (As at 31.3.18 Discount to Fair Value ranging from 10% to 20%)	Increasing/Decreasing the Discounting Factor by probability weighted range, would change the FV by +INR 827.89 lakhs & -INR 1,138.16 lakhs (As at 31.3.18 +INR 3,223.24 lakhs & -INR 2,964.38 lakhs)
	Income Approach- In this approach, discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee.	Investment in company engaged in fertilizer industry - aggregate fair value of ₹ NIL	Investment in company engaged in fertilizer industry - aggregate fair value of ₹ NIL	Level 3	Growth Rate ranging NIL (As at 31.3.18 NIL)	Increasing/Decreasing the Growth Rate & Discounting Factor by probability weighted range, would change the FV by NIL. (As at 31.3.18 NIL)
					Discounting Factor ranging NIL (As at 31.3.18 NIL)	
	(Refer note below).	Investment in company engaged in the business of gas marketing - aggregate fair value of ₹ 1,882.35	Investment in company engaged in the business of gas marketing - aggregate fair value of ₹ 1,886.96	Level 3		
	Note : Discounted Free Cash flow method has been used to arrive at the enterprise value of the gas marketing business of the investee. Under this technique, the projected free cash flows from gas marketing business of the company are discounted at the weighted average cost of capital to the providers of capital to the business of the company and the sum of the present value of such free cash flows would represent the value of business. The investee has various investments in subsidaries and joint venture companies. Each of these subsidiary and joint venture companies have been separately valued using market price method. DCF method, CCM method and book value (NAV) method and applied the investee's stake percentage to arrive at the fair value of investee's investment in these subsidiaries / joint venture companies. Under the market price method, the valuation is derived from the quoted market price of the share of the company as at the valuation date. Under the NAV method, the valuation is derived by calculating the net assets value of the investee as at the valuation date.					
	Cost Approach- Net Asset Value - In this approach, total value is based on the sum of net asset value as recorded on the balance sheet.A net asset methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business. (Refer note 1 and 2 below).	Investment in companies engaged in power and finance industry - aggregate fair value of ₹ 108.30	Investment in companies engaged in power and finance industry - aggregate fair value of ₹ 3,025.00	Level 3	Discount to Book Value ranging from 15% to 30% (As at 31.3.18 from 15% to 25%)	Increasing/Decreasing the Discounting Factor by probability weighted range, would change the FV by +INR 12.60 lakhs & -INR 11.93 lakhs (As at 31.3.18 +INR 194.41 lakhs & -INR 193.82 lakhs)

Note 1: The Company has invested in the equity instruments of various companies. However, the percentage of shareholding of the Company in such investee companies is very low and hence, it has not been provided with future projections including projected profit and loss account by those investee companies. Hence, the independent valuer appointed by the Company has estimated fair value based on available historical Annual Reports of such companies and other information as available in the public domain. Since the future projections are not available, discounted cashflow approach for fair value determination has not been followed.

Note 2: In case of some companies, there are no comparable companies valuations available and some are recent start up companies. In light of no information available for future projections, capacity utilisation, commencement of operations, etc., the valuation is based on cost approach.

ii) Transfers between Levels 1 and 2

There have been no transfers between Level 1 and Level 2 during 2018-19 and 2017-18.

iii) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

(₹ in lakhs)

Paticulars	Equity securities
Opening Balance(1 April 2018)	38,743.06
Net change in fair value (unrealised)	(8,532.86)
Purchases	1,200.00
Closing Balance (31 March 2019)	**31,410.20**

Transfer out of Level 3

There were no movement in level 3 in either directions during the year 2018-19 and 2017-18.

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

i. Risk

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company manages market risk through a Financial risk management committee, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Audit cum finance committee and Board of Directors. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit cum finance committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Revenue department has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the Board of Directors.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Company may have a secured claim. The Company does not otherwise require collateral in respect of trade and other receivables.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The provision matrix of ECL at the end of the reporting period is as follows.

Particulars	Expected credit loss %
Within the credit period	0.03%
1-90 days past due	0.31%
91-180 days past due	1.36%
181-270 days past due	5.19%
270-360 days past due	12.76%
360-450 days past due	25.53%
450-540 days past due	43.74%
540-630 days past due	58.17%
630-720 days past due	100.00%
More than 720 days past due	100.00%

Impairment

The ageing of trade and other receivables that were not impaired was as follows.

(₹ in lakhs)

Particulars	Carrying amount	
	March 31, 2019	March 31, 2018
Neither past due nor impaired	1,08,760.01	1,27,496.80
Past due 1–30 days	5,258.35	5,067.60
Past due 31–90 days	46,696.39	26,360.59
Past due 91 days and above	1,07,339.83	1,11,971.84
	2,68,054.58	2,70,896.83

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

Movement in expected credit loss allowance (₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning of the year	7992.40	11,350.74
Movement in the expected credit loss allowanceon trade receivables calculated at lifetime expected credit losses Past due 31–90 days	(83.62)	(3,358.34)
	7,908.78	7,992.40

During the year 2018-19 and 2017-18, impairment provision was reduced by INR 83.62 Lakhs and INR 3,358.34 Lakhs respectively.

Cash and cash equivalents

The Company held cash and cash equivalents of INR 3697.50 at March 31, 2019, (INR 5033.05 Lakhs at March 31, 2018). The cash and cash equivalents are held with approved scheduled banks.

Derivatives

The derivatives deals are done with AD category banks in OTC market and registered brokers in ETCD market.

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Financing facilities: (₹ in lakhs)

Particulars	As at 31-03-2019	As at 31-03-2018
a) Secured cash credit, reviewed annually		
- amount used	16,365.96	18,252.69
- amount unused	30,202.53	28,247.31
b) Secured term loan		
- amount used	20,000.00	20,000.00
- amount unused	30,000.00	30,000.00
c) Unsecured bill acceptance facility		
- amount used	-	51,298.95
- amount unused	-	-
d) Unsecured commercial papers		
- amount used	-	-
- amount unused	1,00,000.00	50,000.00
e) Unsecured working capital demand loan		
- amount used	-	5,000.00
- amount unused	35,000.00	10,000.00
f) Unsecured Inter-Corporate Loan Facility		
- amount used	70,500.00	-
- amount unused	29,500.00	-
g) Unsecured bank overdraft facility		
- amount used	2.83	9,538.36
- amount unused	14,497.17	4,961.64

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in lakhs)

March 31, 2019	Contractual cash flows					
	Carrying amount	Total	0-12 months	1-2 years	2-5 years	More than 5 years
INR						
Non-derivative financial liabilities						
Term loans from banks	20,000.00	20,000.00	5,333.33	5,333.33	9,333.34	-
Working capital loans from banks	86,868.79	86,868.79	86,868.79	-	-	-
Trade payables	99,951.12	99,951.12	99,951.12	-	-	-
Other current financial liabilities	37,985.57	37,985.57	37,985.57	-	-	-
Derivative financial liabilities						
Derivative contracts used for hedging	-	-	-	-	-	-
Outflow	-	-	-	-	-	-

March 31, 2018	Contractual cash flows					
	Carrying amount	Total	0-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Foreign currency term loans from banks	25,203.53	25,203.53	5,203.53	5,333.33	14,666.67	-
Working capital loans from banks	84,090.00	84,090.00	84,090.00	-	-	-
Trade payables	82,379.39	82,379.39	82,379.39	-	-	-
Other current financial liabilities	38,837.75	38,837.75	38,837.75	-	-	-
Derivative financial liabilities						
Derivative contracts	-	-	-	-	-	-
Outflow	-	-	-	-	-	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments.Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of company's investments. Thus, company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to control the financial risks associated with the Foreign Exchange/Currency rate movements through a sophisticated Foreign Exchange Risk Management System.

Currency risk

The Company is exposed to currency risk on account of its import payables and borrowings inforeign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts, Options and futures to hedge its currency risk, most with a maturity of less than one year from the reporting date.

The company is using derivative instruments which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at March 31, 2019 and March 31, 2018 are as below:

(₹ in lakhs)

Particulars	March 31, 2019 INR	March 31, 2019 USD	March 31, 2019 CAD[1]	March 31, 2019 Others[1]
Financial assets				
Cash and cash equivalents	3,697.50	-	-	-
Other bank balances	1,202.50	-	-	-
Non-current investments	2,25,735.45	1,729.40	4,064.38	-
Long-term loans and advances	-	-	-	-
Short-term loans and advances	17,445.78	-	-	-
Trade and other receivables	2,67,576.00	478.57	-	-
Derivative assets	-	9.40	-	-
Other Non-Current financial assets	4,415.80	-	-	-
Other Current financial assets	227.59	-	-	-
	5,20,300.63	2,217.37	4,064.38	-
Financial liabilities				
Long term borrowings	14,666.67	-	-	-
Short term borrowings	86,868.79	-	-	-
Trade and other payables	51,515.88	48,307.68	15.24	112.32
Other Current financial liabilities	43,318.90	-	-	-
	1,96,370.24	48,307.68	15.24	112.32

(₹ in lakhs)

Particulars	March 31, 2018 INR	March 31, 2018 USD[1]	March 31, 2018 CAD[1]	March 31, 2018 Others[1]
Financial assets				
Cash and cash equivalents	5,033.05	-	-	-
Other bank balances	1,181.85	-	-	-
Non-current investments	2,69,255.08	1,664.32	3,126.69	-
Non current loans and advances	-	-	-	-
Current loans and advances	16,010.10	-	-	-
Trade and other receivables	2,69,440.82	1,456.01	-	-
Derivative assets	-	1,063.65	-	-
Other non current financial assets	4,369.25	-	-	-
Other Current financial assets	757.59	-	-	-
	5,66,047.74	4,183.98	3,126.69	-
Financial liabilities				
Long term borrowings	20,000.00	-	-	-
Short term borrowings	32,791.05	51,298.95	-	-
Trade payables	43,363.74	38,216.62	8.94	790.09
Other Current financial liabilities	38,837.75	5,203.53	-	-
	1,34,992.54	94,719.10	8.94	790.09

1 - The figures are in INR Equivalent of respective currency

Notes to the Financial Statements

The following significant exchange rates have been applied during the year.

INR	Year-end spot rate	
	March 31, 2019	March 31, 2018
USD 1	69.17	65.04
CAD 1	51.83	50.52

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(₹ in lakhs)

	31-Mar-19		31-Mar-18	
Effect in INR	Strengthening	Weakening	Strengthening	Weakening
10% movement				
USD	2,324.26	(645.36)	(627.59)	(2,367.56)
CAD	406.44	(406.44)	312.67	(312.67)

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. Company has long term borrowings at variable rate of interest However, the same is hedged through interest rate swaps. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

(₹ in lakhs)

Particulars	Nominal amount in INR	
	March 31, 2019	March 31, 2018
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	20,000.00	20,000.00
Total	20,000.00	20,000.00

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Interest Rate would have affected the finance cost, equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	31-Mar-18	
Effect of Interest Rate	Strengthening	Weakening
1% movement		
Interest cost	200.00	(200.00)

Capital Management

The Company manages its capital to ensure that it will be able to continue as a Going Concern while maximising the return to stakeholders through optimisation of the Debt and Equity Balance.

Futher, the Company is also subject to externally imposed capital requirement as part of its debt covenant for Term Loan for Melamine III plant, viz maintaining minimum Net Fixed Assets Coverage Ratio (of Melamine III Plant Assets) of 1.25 times throughout the currency of the loan.

Notes to the Financial Statements

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital by computing the above ratios on an annual basis and ensuring that the same is in Compliance with the requirements of the Financial Covenants.

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Net Fixed Assets (Melamine-III)	80,546.62	Not Applicable
Total Debt (Melamine-III)	20,000.00	Not Applicable
Net Fixed Asset Coverage Ratio	4.03	Not Applicable

43. Research & Development Expenses

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Capital*	20.83	88.08
Recurring**	906.34	868.87
Total	**927.17**	**956.95**
*Capital Expenses included in PPE Note No. 5	20.83	88.08
**Recurring Expenses included in		
Note No. 34 Employee Benefit expenses	895.91	851.11
Note No. 36 Other expenses	10.43	17.76

44. Corporate Social Responsibility

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Prescribed CSR expenditure @ 2%	931.02	996.34
Actual expenditure	1,101.49	1,543.78

45. Details on derivative instruments and unhedged foreign currency exposure

(I) (a) Forward exchange contracts and options (being derivative instruments), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

(i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2019

Currency	Amount (in Mn)	Buy / Sell	Cross currency
USD	4.00	Buy	Rupees
USD	(25.60)	Buy	Rupees

Note: Figures in brackets relate to the previous year

(ii) Outstanding option contracts entered into by the Company as on 31 March, 2019

Currency	Amount (in Mn)	Buy / Sell	Cross currency
USD	0.00	Buy	Rupees
USD	(40.94)	Buy	Rupees
USD	0.00	Sell	Rupees
USD	(40.94)	Sell	Rupees

Note: Figures in brackets relate to the previous year

(b) Interest rate swaps to hedge against fluctuations in interest rate changes: No. of contracts:0, Amount: USD NIL Principal (As at 31 March, 2018: No. of contracts:1, Amount: USD 8.00 Mn Principal)

(c) Currency Futures (other than forward exchange contracts stated above) which are not intended for trading or speculative purposes but for hedge purposes to hedge against fluctuations in changes in exchange rate.

Currency	Amount (in Mn)	Buy / Sell	Cross currency
USD	48.00	Buy	Rupees
USD	(68.95)	Buy	Rupees

Note: Figures in brackets relate to the previous year

(II) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise, represented in equivalent USD: USD 27.44 Mn (As at March 31, 2018: USD 12.11 Mn)

46. Leases

(i) The Company has taken various warehouses, godowns, guesthouses and office premises under operating lease or rental agreements. These are generally cancellable having a term of one year extendable for further one year on the discretion of the Company and are of rental nature. Payments are recognised in the statement of profit and loss under Note 34 - Other expenses.

(ii) Rent income includes lease rentals received towards office premises and land leased out for gas station. Such operating lease is generally for a period of three to four years. There are no restrictions imposed by lease arrangements.

47. Disclosure as per regulation 34(3) and 53(f) of Securities and Exchange Board of India (listing obligations and disclosures requirements) regulations, 2015:

Loans & Advances in the nature of loans to subsidiaries is ₹ Nil (PY: ₹ Nil)

48. Events occurring after the reporting period

Escalation of Urea Concession Rates.

Ministry of Chemical & Fertilizers vide its letter date April 23, 2019 has revised provisional concession Rates & Sales Tax for Urea on account of escalation from October 01, 2018 onwards. Hence Revenue from Operations for the FY 2018-19 has been increased by ₹ 6.94 Crores.

As it being an Adjusting event, adjustment has been carried out for the above mentioned event in the financial statement.

49. Other Matters

(i) With respect to Fibre Unit and Methanol plant, the Net Realizable Value is higher compared to its carrying value as on March 31, 2019.

(ii) The figures of previous year have been regrouped or rearranged wherever necessary to conform to current year's presentation as per Schedule III (Division II) to the Companies Act 2013.

(iii) Ind As 115 : Revenue from Contracts with Customers

The Company generates revenue primarily from manufacturing of Fertilizers and Chemical Products. The Company has recognised revenue by satisfying its performance obligations at a point of time basis. The revenue from contracts with customers to the amounts disclosed as total revenue are as under:

Particulars	**As at 31st March, 2019**	**As at 31st March, 2018**
Revenue from Contract with Customers	6,00,971.65	4,64,426.86
Revenue from Subsidy from Government	2,56,482.00	1,66,500.00
Total Revenue	**8,57,453.65**	**6,30,926.86**

Notes to the Financial Statements

The disaggregation of Revenue from Contract with Customers is as under:

(A) Revenue from Contract with Customers – Segment-wise

Particulars	As at 31st March, 2019	As at 31st March, 2018
Fertilizer Products	6,39,814.54	4,51,922.92
Industrial Products	2,17,639.11	1,79,003.94
Total Revenue	**8,57,453.65**	**6,30,926.86**

(B) Revenue from Contract with Customers – Activity-wise

Particulars	As at 31st March, 2019	As at 31st March, 2018
Revenue generated from Manufacturing Activity	6,56,049.91	5,50,508.62
Revenue generated from Trading Activity	2,01,403.74	80,418.24
Total Revenue	**8,57,453.65**	**6,30,926.86**

(C) Contract Liability:

Particulars	As at 31st March, 2019	As at 31st March, 2018
Opening Balance of Contract Liability	1,164.01	1,235.97
Revenue Recognised from the opening balance of contract liability	1,164.01	1,235.97
Current year Contract liability - Carried Forward	1,543.87	1,164.01
Closing Balance of Contract Liability	1,543.87	1,164.01

The nature of services and its disclosure of timing of satisfaction of performance obligation is mentioned in para 3.1 of Note No 3.There are no contract assets in the Balance Sheet.Contract Liabilities in the Balance Sheet constitutes advance payments and billings in excess of revenue recognised. The Company expects to recognise such revenue in the next financial year.There were no significant changes in contract liabilities during the reporting period except amount as mentioned in the table and explanation given above.Under the payment terms generally applicable to the Company's revenue generating activities, prepayments are received only to a limited extent. Typically, payment is due upon or after completion of delivery of the goods.

In terms of our report attached

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

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
22nd May, 2019

Sujit Gulati
Managing Director

D. C. Anjaria
Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

Gandhinagar
22nd May, 2019

Independent Auditors' Report

To,
The Members Of GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of "**GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED**" (hereinafter referred to as "the Parent") and its subsidiary companies (the Parent and its subsidiaries together referred as "the Group"), and its associates, comprising the Consolidated Balance Sheet as at 31st March, 2019, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind As") and other accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2019, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Other Matters

(a) We did not audit, the financial results / statements and other financial information, in respect of 1 subsidiary, whose financial information reflects total assets of ₹ 22,513.11 Lakhs as at 31 March, 2019, total revenue of ₹ 42,584.65 Lakhs, total net profit after tax of ₹ 647.19 Lakhs and total Comprehensive Income of ₹ 647.19 Lakhs for the year ended 31 March, 2019, as considered in the consolidated financial results. These financial results / statements and other financial information have been audited by other auditor whose report has been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the affairs of this subsidiary is based solely on the report of other auditor. Our opinion is not modified in respect of this matter.

(b) The consolidated financial results includes financial results / statements and other financial information, in respect of 1 subsidiary, whose financial information reflects total assets of ₹ 253.10 Lakhs as at 31 March, 2019, total revenue of ₹ 0.34 Lakhs, total net loss after tax of ₹ 5.95 Lakhs and total Comprehensive loss of ₹ 5.95 Lakhs for the year ended 31 March, 2019 respectively and the consolidated financial results / statements of 3 associates which reflects Group's share of net profit after tax of ₹ 2.20 Lakhs and total comprehensive profit of ₹ 2.20 Lakhs for the year ended 31 March, 2019, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditors and the financial statements / financial information certified by the Management.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
Evaluation of uncertain tax positions: The Group has material uncertain tax positions for liability of ` 31,803.00 Lakhs including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes 39 to the Consolidated Financial Statements.	***Principal Audit Procedures*** We evaluated the related accounting policy for provisioning for tax exposures and found it to be appropriate. We have obtained details of completed tax assessments and demands upto the year ended March 31, 2019 from management. We evaluated auditee's response / opinion taken from various tax experts by auditee to challenge the underlying assumptions in estimating the tax provision and the possible outcome of the disputes. We also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at March 31, 2019 to evaluate whether any change was required to management's position on these uncertainties. From the evidence obtained and in the context of the consolidated financial statements, taken as a whole, we consider the provisions in relation to uncertain tax positions as at 31 March 2019 to be appropriate.
Impairment of property, plant and equipment: During the year, Group has discontinued its operations at Fiber unit due to non-viability of its products. Gross block of the assets of the Fiber unit and its carrying value as on 31st March 2019 works out to ` 23,814.93 Lakhs & ` 6,268.05 Lakhs. Further, methanol plant having Gross Block and its carrying value as on 31st March, 2019 of ` 26,126.42 Lakhs & ` 20,327.73 Lakhs is operating for less than 5% of installed capacity since April'15. We have considered this issue to be a key audit matter because the analysis performed by management requires the use of complex estimates and judgments regarding the future earnings performances \ recoverable amount of the CGUs to which the aforementioned assets belong.	**Principal Audit Procedures** We evaluated the management's various viable proposals, impairment calculations, assessing the net recoverable value of the CGU used in the models, and the process by which they were drawn up, including comparing them to the latest circle rates of the Land, and testing the underlying calculations. Based on our audit procedures, we found management's assessment in determining the carrying value of the property, plant and equipment of Fiber unit & Methanol Plant to be reasonable. Refer Notes 6 to the Consolidated Financial Statements.
Impairment of subsidy receivables from Government: Government Subsidy Receivable forms a significant part of the Company's assets, amounting to ` 1,72,948.97 Lakhs as at March 31, 2019. Given the size of the subsidy balance relative to the total assets of the Group and the estimates and judgements described in Note 12 to the consolidated financial statement, the fair	**Principal Audit Procedures** Our audit procedure includes verification of subsidy rate notified by department of Fertilizers (DOF), communication letters for escalation / de-escalation in subsidy rates, input price escalation / de-escalation as estimated by the management in case of urea subsidy, quantity supplied at first point sale. Group has accounted subsidy income in books in line with rates approved by DOF including escalation / de-escalation

value assessment requires significant audit attention.	as estimated by the management. Negligible variances have been noticed in the input price escalation / de-escalation as estimated by the management and subsequently as approved by the DOF. As subsidy receivable is outstanding from Department of Fertilizer (i.e. sovereign Authority) and is backed by the approved claims generated from MFMS (Mobile Fertilizer Management System), amount outstanding as on date has not been impaired.
Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard):	**Principal Audit Procedures**
Group primarily manufactures and sells a number of fertilizer and chemical products to its customers, mainly through its own distribution network. Sales contracts specifically w.r.t Bill and Hold transaction contains constructive obligation for transfer of control to the buyer. As per the terms of the contract with the customers, Group use to recognize the sale based on the invoicing and considering the transfer of control and other criteria set out in para B81 of Ind AS 115. Refer Notes 49 to the Consolidated Financial Statements.	Our audit procedure focused on transactions occurring within proximity of the year end in the Fertilizer segment, obtaining evidence to support the appropriate timing of revenue recognition based on terms and conditions set out in sales contracts, delivery documents and dealers' confirmation.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Parent's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Board's Report and Annexure to Board's Report, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in Section 134(5) of Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its Associates in accordance with Ind As and the accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company and its subsidiary companies has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financial statements of the subsidiary and the other financial information of associate companies incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

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

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.

   (c) The Consolidated Balance Sheet, the Consolidated statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.

   (e) On the basis of the written representations received from the directors of the Parent company as on March 31, 2019 taken on record by the Board of Directors of the Parent and the reports of the statutory auditor of its subsidiary company incorporated in India, none of the directors of these entities is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "**Annexure A**", which is based on the auditor's report of the Parent Company and Subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for reasons stated therein.

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration paid by the company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

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

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as referred to in Note 39 to the consolidated financial statements.

      ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary company incorporated in India.

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

Place : Gandhinagar
Date : 22/05/2019

Brijesh Thakkar
Partner
Membership No. 135556

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GUJARAT STATE FERTILISERS & CHEMICALS LIMITED

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Parent Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of **GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED** (hereinafter referred to as "the Parent Company") and its subsidiary Company which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial control over financial reporting of the Parent and its subsidiary company, which are incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence obtained by us and the other auditor of the subsidiary company incorporated in India, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial control system over financial reporting of the Parent and its subsidiary company incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditor, as referred to in the Other Matters paragraph below, the Parent and its subsidiary Company which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the respective companies, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to consolidated / standalone financial statements of subsidiary company which is incorporated in India, is based solely on the corresponding reports of the auditor of such company.

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

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

Place : Gandhinagar
Date : 22/05/2019

Brijesh Thakkar
Partner
Membership No. 135556

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2019

(₹ in lakhs)

Particulars	Note	As at 31st March 2019	As at 31st March 2018
A. ASSETS			
1. Non-current assets			
(a) Property, Plant and Equipments	5	2,81,769.32	2,10,401.64
(b) Capital work-in-progress	5	18,722.78	76,308.19
(c) Other Intangible assets	6	310.59	394.50
(d) Financial Assets			
(i) Investments	7	2,37,638.98	2,78,951.01
(ii) Others financial assets	8	4,419.15	4,372.75
(e) Income tax assets (Net)	23	9,904.01	13,672.33
(f) Other non current assets	9	33,320.33	32,568.06
		5,86,085.16	**6,16,668.48**
2. Current assets			
(a) Inventories	10	1,65,524.30	87,308.49
(b) Financial Assets			
(i) Trade receivable	11	81,161.95	93,500.77
(ii) Government subsidies receivable	12	1,65,791.42	1,71,878.77
(iii) Cash and cash equivalents	13	4,082.20	5,534.47
(iv) Bank balances other than (iii) above	14	2,754.25	1,445.60
(v) Loans	15	17,463.64	16,104.97
(vi) Others financial assets	16	479.72	1,821.24
(c) Other current assets	17	22,317.02	36,490.01
		4,59,574.51	**4,14,084.32**
3. Assets held for sale	18	703.98	703.98
TOTAL ASSETS		**10,46,363.65**	**10,31,456.78**

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2019

(₹ in lakhs)

Particulars	Note	As at 31st March 2019	As at 31st March 2018
B. EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	19	7,969.55	7,969.55
(b) Other Equity	20	7,24,098.28	7,22,371.18
(c) Non Controlling Interest		123.70	123.91
		7,32,191.53	**7,30,464.64**
LIABILITIES			
1. Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	21	14,666.67	20,000.00
(b) Provisions	22	47,194.62	46,854.69
(c) Deferred Subsidy Income		116.26	-
(d) Deferred tax liabilities (Net)	23	3,497.41	6,367.28
		65,474.96	**73,221.97**
2. Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	24	86,868.79	84,090.00
(ii) Trade payables	25		
- Total outstanding dues of MSMED		1,057.41	379.11
- Total outstanding dues of creditors other than MSMED		1,02,808.75	82,737.19
(iii) Other financial Liabilities	26	43,601.76	45,084.16
(b) Other current liabilities	27	3,323.79	3,113.64
(c) Provisions	28	10,537.59	9,892.44
(d) Current tax liabilities (Net)	23	499.07	2,473.63
		2,48,697.16	**2,27,770.17**
TOTAL EQUITY & LIABILITIES		**10,46,363.65**	**10,31,456.78**
See accompanying notes forming part of the consolidated financial statements	1 to 51		

In terms of our report attached

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

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
22nd May, 2019

Sujit Gulati
Managing Director

D. C. Anjaria
Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

Gandhinagar
22nd May, 2019

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

(₹ in lakhs)

Particulars	Note	Year Ended 31st March 2019	2018
I Income			
Revenue from operations	29	8,49,067.34	6,30,457.36
Other income	30	10,752.59	9,895.31
Total income		**8,59,819.93**	**6,40,352.67**
II Expenses			
Cost of materials consumed	31	4,22,616.78	3,23,346.00
Purchase of stock in trade	32	2,10,545.65	84,069.94
Changes in inventories of finished goods, work in process and stock in trade	33	(64,594.66)	(10,839.34)
Power and Fuel		67,691.75	52,226.29
Excise duty		0.00	3,870.46
Employee benefits expense	34	53,068.43	51,311.92
Finance costs	35	6,101.08	5,135.23
Depreciation and amortization expense		12,625.39	11,944.83
Other expenses	36	84,873.09	69,987.16
Total Expenses		**7,92,927.51**	**5,91,052.49**
III Profit before share of profit/(loss) of Associates		**66,892.42**	**49,300.18**
IV Share of profit of Associates		2.20	-8.03
V Profit before tax		**66,894.62**	**49,292.15**
VI Tax expense			
Current tax		12,560.55	8,528.33
Deferred tax	23	5,481.26	5,068.78
MAT credit recognised		(689.37)	(1,544.53)
Earlier Year Tax	23	228.98	(10,131.10)
VII Profit for the year		**49,313.20**	**47,370.67**
VIII Other Comprehensive Income			
(A) Items that will be reclassified to profit or loss			
(B) Items that will not be reclassified to profit or loss			
Re-measurement gains/ (losses) on defined benefit plans		(1,284.36)	(325.06)
Income tax effect on above		449.59	113.58
Net fair value (loss) / gain on investments in equity instruments at FVTOCI		(44,719.61)	24,269.60
- Income tax effect on above		7,346.07	7,598.63
Net other comprehensive income that will not be reclassified to profit or loss		**(38,208.30)**	**31,656.75**
IX Total Comprehensive Income for the year (VII+VIII)		**11,104.90**	**79,027.42**
Net Profit attributable to :			
(a) Owners of the company		49,313.29	47,376.75
(b) Non Controlling Interest		(0.10)	(6.09)
Other Comprehensive Income attributable to :			
(a) Owners of the company		(38,208.30)	31,656.75
(b) Non Controlling Interest		0.00	0.00
Total Comprehensive Income attributable to :			
(a) Owners of the company		11,104.99	79,033.50
(b) Non Controlling Interest		(0.10)	(6.09)
Earnings per equity share (face value of ₹ 2/- each)			
Basic and Diluted Earnings per equity share:	37	**12.38**	**11.89**
Nominal value per share ₹		**2.00**	**2.00**
See accompanying notes forming part of the consolidated financial statements	1 to 51		

In terms of our report attached

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Gandhinagar
22nd May, 2019

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2019

(₹ in lakhs)

Particulars	As at 31st March	
	2019	2018
A Cash Flow From Operating Activities :		
Profit Before Tax	66,894.61	49,292.15
Adjustments for :		
Depreciation and amortisation expense	12,625.39	11,944.83
Amortisation of lease hold land	355.98	355.98
Share of profit of Associates	(2.20)	8.03
Finance cost	6,126.13	5,135.23
Interest income	(348.92)	(310.30)
Guarantee Comission Income	-	(63.88)
Loss on fixed assets sold/written off	17.23	39.39
Profit on sale of fixed assets	-	(0.08)
Dividend income	(3,657.86)	(2,791.83)
Provision for doubtful debts/advances	38.86	432.86
Operating Profit before Working Capital Changes	**82,049.20**	**64,042.38**
Movements in working capital:		
Inventories	(78,215.82)	(16,850.59)
Trade receivables, loans and advances and other assets	19,929.70	(27,857.85)
Trade payables, other current liabilities and provision	37,381.28	24,394.10
Cash Generated from Operations	**61,144.36**	**43,728.03**
Direct taxes paid (net of refunds)	(10,307.44)	(7,976.98)
Net Cash Flow from Operating Activities	**50,836.93**	**35,751.05**
B Cash Flow From Investing Activities :		
Purchase of property, plant & equipments (including CWIP & capital advances)	(29,909.98)	(49,893.80)
Proceeds from sale of property, plant & equipments	0.06	28.19
Purchase of non current investments	(2,202.75)	(1,664.32)
Addition to Asset Held for Sale (Net)	-	(18.23)
Interest received	346.52	309.12
Dividend received	3,705.86	2,791.83
Net Cash Flow used in Investing Activities	**(28,060.29)**	**(48,447.21)**
C Cash Flow From Financing Activities		
Repayment of long term borrowings	(40,536.86)	(5,170.64)
Proceeds from long term borrowings	30,000.00	20,000.00
Proceeds from Allotment of Equity Shares	-	130.00
Net increase/(decrease) in short term borrowings	2,778.78	13,940.24
Interest paid	(5,862.96)	(4,957.65)
Dividend paid (including tax thereon)	(10,607.86)	(10,536.22)
Net Cash Flow from/ (used in) Financing Activities	**(24,228.90)**	**13,405.73**
Net Increase/ (Decrease) in Cash & Cash Equivalents	**(1,452.26)**	**709.58**
Cash and Cash Equivalents as at the beginning of the year	**5,534.47**	**4,824.89**
Cash and Cash Equivalents as at end of the year (Refer Note-13)	**4,082.20**	**5,534.47**
Notes:		
Componants of Cash and cash equivalents		
Cash on hand	**34.06**	**11.39**
Balances with banks		
In current accounts	**4,048.14**	**5,523.08**
Total Cash and cash equivalents	**4,082.20**	**5,534.47**

The Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on Cash Flows Statement.

See accompanying notes forming part of the financial statements

In terms of our report attached

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

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
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Gandhinagar
22nd May, 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCIE)

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

Particulars	Amount
Balance as at April 01, 2017	7,969.55
Changes in equity share capital during the year	-
Balance as at March 31, 2018	7,969.55
Balance as at April 01, 2018	7,969.55
Changes in equity share capital during the year	-
Balance as at March 31, 2019	7,969.55

Note (b) : Other equity **(₹ in lakhs)**

Particulars	Reserves & Surplus					Items of OCI	
	Capital reserve	Security premium	Capital redemption reserve	General reserve	Retained earnings	Equity Instruments through OCI	Total Equity
Balance as at April 01, 2017	1,256.33	30,524.02	3,335.00	4,28,153.31	28,774.44	1,61,881.86	6,53,924.96
Profit for the year	-	-	-	-	47,376.75	-	47,376.75
Other comprehensive income for the year net of income tax	-	-	-	-	-	31,868.23	31,868.23
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	-	-	-	-	(211.48)	-	(211.48)
Total comprehensive income for the year	-	-	-	-	47,165.27	31,868.23	79,033.50
Dividends paid [Note 20]	-	-	-	-	(8,796.51)	-	(8,796.51)
Dividend Distribution Tax (DDT) [Note 20]	-	-	-	-	(1,790.76)	-	(1,790.76)
Transfer to General reserve	-	-	-	18,000.00	(18,000.00)	-	-
Balance as at March 31, 2018	1,256.33	30,524.02	3,335.00	4,46,153.31	47,352.44	1,93,750.09	7,22,371.18
Balance as at April 01, 2018	1,256.33	30,524.02	3,335.00	4,46,153.31	47,352.44	1,93,750.09	7,22,371.18
Capital Reserve on acquisition of shares in Associates	1,200.38	-	-	-	-	-	1,200.38
Profit for the year	-	-	-	-	49,313.29	-	49,313.29
Other comprehensive income for the year net of income tax	-	-	-	-	-	(37,373.54)	(37,373.54)
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	-	-	-	-	(834.77)	-	(834.77)
Total comprehensive income for the year	-	-	-	-	48,478.52	(37,373.54)	11,104.99
Dividends paid [Note 20]	-	-	-	-	(8,766.51)	-	(8,766.51)
Dividend Distribution Tax (DDT) [Note 20]	-	-	-	-	(1,811.77)	-	(1,811.77)
Transfer to General reserve	-	-	-	38,000.00	(38,000.00)	-	-
Balance as at March 31, 2019	2,456.71	30,524.02	3,335.00	4,84,153.31	47,252.69	1,56,376.56	7,24,098.28

In terms of our report attached

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

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Gandhinagar
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Gandhinagar
22nd May, 2019

Notes to the Consolidated Financial Statements

1. Company Overview

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

These consolidated financial statements were authorised for issuance by the Board of Directors of the Company in their meeting held on May 22, 2019.

2. Basis of preparation of Consolidated Financial Statements

2.1 Basis of preparation and compliance with Ind AS

The Consolidated financial statements of the Group as at and for the year ended March 31, 2019 have been prepared in accordance with Indian Accounting standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ('Act') and the Companies (Indian Accounting Standards) Rules issued from time to time and relevant provisions of the Companies Act, 2013 (collectively called as Ind AS).

The consolidated financial statements are prepared in accordance with the principles and procedures laid down under the Accounting Standard notified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The consolidated financial statements comprise the financial statements of the company and its subsidiaries as disclosed in Note no.49 combined on a line-by-line basis by adding together book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and resulting unrealised gain / loss. The consolidated financial statements are prepared by applying uniform accounting policies in use at the Group.

Investments in associates are accounted for using equity method. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the acquisition date. The group's investment in associates includes Goodwill and capital reserves identified on acquisition.

The financial statement of the subsidiaries and associates used in the consolidation are drawn up to the same reporting date as that of the Parent. However, unaudited financial statements of subsidiaries & associates are used in the consolidation since audited financial statements as on reporting date are not available.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and appropriate adjustments, if any, are made to the financial statements of subsidiaries when they are used in preparing the consolidated financial statements that are presented in the same manner as the Company's separate financial statements.

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

2.4 Current and non-current classification

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

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

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

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

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

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

All other assets are classified as non-current.

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

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

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

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

d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Current liabilities include current portion of non-current financial liabilities.

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

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

3.1 Revenue recognition

The Group derives revenues primarily from manufacturing of Fertilizers and Chemical Products.

Effective April 1, 2018, the Group adopted Ind AS 115 "Revenue from Contracts with Customers" using the modified retrospective cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. The effect on adoption of Ind AS 115 was insignificant.

Revenue from Operations is recognised in the Statement of Profit and Loss when:

- The income generating activities have been carried out on the basis of a binding agreement.
- The income can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Group.
- Costs relating to the transaction can be measured reliably.

Revenue for all businesses is recognized upon transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods and services.

Sale of fertilizer products is recognised net of returns and trade discounts. Sales exclude sales tax/value added tax/GST collected on behalf of Government. Revenue is also recognised on sale of goods in case where the delivery is kept pending at the instance of the customer, as the performance obligation has been satisfied and control are transferred and customer takes title and accepts billing as per usual payment terms.

Sales of industrial products are accounted on the dispatch basis except export sales, which are recognised on the basis of bill of lading on satisfaction of performance and transfer of control.

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

Subsidy income

Subsidy income is recognised on the basis of the rates notified from time to time by the Government of India on the quantity of fertilisers sold by the Group for the period for which notification has been issued, further adjusted for input price escalation/de-escalation estimated by management, based on prescribed norms as notified by Govt. of India.

Revenues in excess of invoicing are classified as contract assets (referred as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. Interest income is included in other income in the statement of profit and loss.

Dividends

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

Rental Income

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

3.2 Government grants

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

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

3.3 Taxes

Current income tax

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

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

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

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

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

3.4 Non-current assets held for sale

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

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

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

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

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

3.5 Property, plant and equipment and intangible assets

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred

Assets under erection / installation of the existing projects and on-going projects are shown as “Capital Work in Progress”.

Capital advances given for procurement of Property, plant and equipment are treated as other non-current assets.

In the absence of availability of specific original cost in respect of a part of assets capitalised under turn-key contracts, the original value of such asset written / disposed off is estimated on the basis of its current cost adjusted for price and technological factors.

Major cost of civil works required as plant and machinery supports, on the basis of technical estimates, is considered as Plant & Machinery.

Advances paid for the purchase / acquisitions of land in possession of the Group are included in the cost of land.

Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Cost of intangible assets comprises of purchase price and attributable expenditure on making the asset ready for its intended use. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Research and Development

Capital expenditure on Research & Development activities is included in Property, plant and equipment to the extent it has alternative economic use. Revenue expenditure pertaining to research activity is charged under respective account heads in the statement of Profit & Loss.

Depreciation methods, estimated useful lives and residual value

Depreciation on Property, plant and equipment is provided on Straight Line Method at the rates prescribed in Schedule II to the Company's Act, 2013. Depreciation on additions to Property, plant and equipment and assets disposed off / discarded is charged on pro-rata basis. Depreciation on commissioning of plants and other assets of new projects is charged for the days they are actually put to use.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Leasehold land, other than that on perpetual lease, is amortized over the life of the lease.

Intangible assets are amortized over their estimated economic lives but not exceeding ten years on a straight-line basis.

The useful lives of the property, plant and equipment are as follows:

Assets	Estimated Useful life
Freehold Land	—
Leasehold Land	20 years
Buildings	30-60 years
Bridge, culverts, bunders, etc.	30 years
Roads	5-10 years
Plant and machinery	15-25 years
Furniture and fittings	10 years
Motor Vehicles	5-10 years
Railway sidings	15 years
Office equipment	5 years
Computers and Data Processing units	3-6 years
Laboratory equipment	10 years
Electrical Installation and Equipment	10 years
Library books	15 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.6 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is determined:

(i) In case of individual asset, at higher of the fair value less cost to sell and value in use; and

(ii) In case of cash-generating unit (a Group of assets that generates identified, independent cash flows), at the higher of the cash-generating unit's fair value less cost to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.7 Borrowing costs

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

3.8 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

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

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

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

Group as a lessor

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

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

3.9 Inventories

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, process chemicals, stores and spares, packing materials, trading and other products are determined on weighted average basis.

3.10 Employee benefits

Defined benefit plans:

(i) Short-term employee benefits

Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

(ii) Post Employment benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Parent has set up separate recognized Provident Fund trusts for all the units of the Company.

Contributions paid / payable for Provident Fund of eligible employees and National Pension Scheme is recognized in the statement of Profit and Loss each year. The Parent has an obligation to make good the shortfall, if any, between the return from the investments of the trusts and the interest rate notified by Government.

(b) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Parent's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Post employment defined benefits plans comprise of gratuity, superannuation and Post Retirement Medical Benefit for eligible employees of the Company. Post employment benefits are recognized as an expense in the statement of profit and loss for the year in which the employee has rendered services. The Company also contributes to a government administered Family Pension fund on behalf of its employees. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

(iii) Other long term employee benefits

Other long term employee benefits comprise of leave encashment for eligible employees of Group. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

3.11 Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

(A) Financial Assets

The Group determines the classification of its financial assets at initial recognition. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The financial assets are classified in the following measurement categories:

a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

b) Those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss as incurred.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments.

(i) Amortised Cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

a) The asset is held within a business model with the objective of collecting the contractual cash flows, and

b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost include loans receivable, trade and other receivables, and other financial assets that are held with the objective of collecting contractual cash flows. After initial measurement at fair value, the financial assets are measured at amortised cost using the effective interest rate (EIR) method, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the Statement of Profit or Loss in other income.

(ii) Fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

(iii) Financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss:

a) Debt investments that do not qualify for measurement at amortised cost;

b) Debt investments that do not qualify for measurement at fair value through other comprehensive income; and

c) Debt investments that have been designated at fair value through profit or loss.

Financial assets at fair value through profit or loss include financial assets held for trading, debt securities and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the Balance Sheet at fair value with net changes in fair value presented as finance costs in profit or loss if the same is considered as an adjustment to borrowing cost. Interests, dividends and gain/loss on foreign exchange on financial assets at fair value through profit or loss are included separately in other income.

If Group elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in profit or loss as other income when the Group's' right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss shall be recognised in other gain / (losses) in the statement of profit or loss as applicable.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of the transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Impairment of Financial Assets

The Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance.

b) Trade receivables or any contractual right to receive cash or other financial asset that result from transactions that are within the scope of Ind AS 18.

An expected credit loss is the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the group expects to receive. The expected credit losses consider the amount and timing of payments and hence, a credit loss arises even if the Group expects to receive the payment in full but later than when contractually due. The expected credit loss method requires to assess credit risk, default and timing of collection since initial recognition. This requires recognising allowance for expected credit losses in profit or loss even for receivables that are newly originated or acquired.

Impairment of financial assets is measured as either 12 month expected credit losses or life time expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. '12 month expected credit losses' represent the expected credit losses resulting from default events that are possible within 12 months after the reporting date. 'Lifetime expected credit losses' represent the expected credit losses that result from all possible default events over the expected life of the financial asset.

Trade receivables are of a short duration, normally less than 12 months and hence the loss allowance measured as lifetime expected credit losses does not differ from that measured as 12 month expected credit losses. The Group uses the practical expedient in Ind AS 109 for measuring expected credit losses for trade receivables using a provision matrix based on ageing of receivables.

The Group uses historical loss experience and derived loss rates based on the past twelve months and adjust the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the ageing of the amounts that are past due and are generally higher for those with the higher ageing.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recognised using the effective interest rate (EIR), which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial asset is recognised using the original EIR.

Dividends

Dividends are recognised as revenue when the right to receive payment is established.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(B) Financial Liabilities

The Group determines the classification of its financial liabilities at initial recognition.

Classification

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss. Loans and borrowings, payables are subsequently measured at amortised cost where as derivatives are measured at fair value through profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss include financial liabilities to hedge risks which are not designated as hedges. At initial recognition, the Group measures financial liabilities at its fair value. Financial liabilities at fair value through profit and loss are carried in the Balance Sheet at fair value with changes recognised in the Statement of Profit and Loss.

Financial liabilities measured at amortised cost

Financial liabilities are initially recognised at fair value, net of transaction cost incurred and are subsequently measured at amortised cost, using the EIR method. Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest charge over the relevant effective interest rate period. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(C) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Consolidated Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counter party.

(D) Derivative financial instruments

The Group's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. Changes in values of all derivatives of a financing nature are included within financing costs if the same is considered as adjustment to borrowing cost in the Statement of Profit and Loss whereas other foreign exchange fluctuation is disclosed under other expenses. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date.

(E) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

3.12 Foreign currencies

(a) Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency (the currency of the primary economic environment in which the entity operates) and items included in the financial statements of each entity are measured using that functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Profit and Loss within 'Finance costs'. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss within 'Other operating expenses'.

3.13 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

3.14 Segment accounting:

The Chief Operational Decision Maker monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The Operating segments have been identified on the basis of the nature of products/services.

The accounting polices adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter Segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocated to segments on a reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

The Group has identified two reportable business segments i.e. Fertilizer products and Industrial products. The Group operates mainly in Indian market and there are no reportable geographical segments.

3.15 Provisions, Contingent liabilities, Contingent assets and Commitments: General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;

A present obligation arising from the past events, when no reliable estimate is possible;

A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

3.16 Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders (Net of Non-Controlling Interest) by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Group's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

3.17 Cash flow statement

Cash flow are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals of accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and finance activities of the Group are segregated.

Effective April 1, 2017, the Group adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

3.18 Recent Accounting Pronouncements:

Standard issued but not yet effective

Issue of INDAS 116 – Lease Accounting

Effective from1 April 2019, IND AS 116 shall supercede the existing IND AS 17 and Group shall be required to adopt IND AS 116- lease accounting, which shall require the following:

As lessee:

Lease liability is initially recognised and measured at an amount equal to the present value of minimum lease payments during the lease term that are not yet paid.

Right-of-use asset is recognised and measured at cost, consisting of initial measurement of lease liability plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, initial estimate of the restoration costs and any initial direct costs incurred by the lessee.

The lease liability is measured in subsequent periods using the effective interest rate method. The right- of-use asset is depreciated in accordance with the requirements in Ind AS 16, Property, plant and equipment.

Recognition and measurement exemption is available for low-value assets and short-term leases. Assets of low-value include IT equipment or office furniture. No monetary threshold has been defined for low- value assets. Short-term leases are defined as leases with a lease term of 12 months or less.

If an entity chooses to apply any one of the exemptions, payments are recognised on a straight-line basis or another systematic basis that is more representative of the pattern of the lessee's benefit.

As lessor:

Entities are not required to reassess existing lease contracts but can elect to apply the guidance regarding the definition of a lease only to contracts entered into (or charged) on or after the date of initial application (grandfathering). This applies to both contracts that were not previously identified as containing a lease applying Ind As 17 and those that were previously identified as leases in Ind As 17.

Full retrospective application is optional.

Lessee can elect to apply the simplified approach and not restate the comparative information. The cumulative effect of applying the standard is recognised as an adjustment to the opening balance of retained earnings at the date of initial application.

The Group does not expect the impact of new standard to be material on its retained earnings and to its net income on an ongoing basis.

4. Critical and significant accounting judgements, estimates and assumptions

4.1 Critical estimates and judgements

The following are the critical judgements, apart from those involving estimations that the management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the financial statements. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Useful lives of property, plant and equipment and intangible assets:

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2019 management assessed that the useful lives represent the expected utility of the assets to the Group. Further, there is no significant change in the useful lives as compared to previous year.

Allowance for expected credit losses:

Note 42 describes the use of practical expedient by computing the expected credit loss allowance for trade receivables other than subsidy receivables based on provision matrix. The expected credit allowance is based on the aging of the days receivables are due and the rates derived based on past history of defaults in the provision matrix. As regards subsidy receivables, the Group does not believe that there is any credit risk as dues are receivable from the Government and hence no allowance for expected credit loss is made.

Dismantling cost of property, plant and equipment:

Note 22 describes assets retirement obligation on estimate basis for property, plant and equipment. The management estimates dismantling cost considering size of the asset and its useful life in line with industry practices.

Stores and spares inventories:

The Group's manufacturing process is continuous and highly mechanical with wide range of different types of plant and machineries. The Group keeps stores and spares as standby to continue the operations without any disruption. Considering wide range of stores and spares and long lead time for procurement of it and based on criticality of spares, the Group believes that net realizable value would be more than cost.

Fair value of investments:

The Group has invested in the equity instruments of various companies. However, the percentage of shareholding of the Group in some of such investee companies is low and hence, it has not been provided with future projections including projected profit and loss account by those investee companies. Hence, the valuation exercise carried out by the Group with the help of an independent valuer has estimated the fair value at each reporting period based on available historical annual reports and other information in the public domain. In case of other companies, where there are no comparable companies' valuations available (also includes start-up companies) and no further information available for future projections, capacity utilisation, commencement of operations, etc., the method of valuation followed is cost approach. The Group evaluates the aforesaid position at each period end.

Income taxes:

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

4.2 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the standalone financial statements:

Operating lease commitments – Group as lessor

The group has entered into commercial property leases. It has determined, based on an evaluation of the terms and conditions of the arrangements that the lease term does not constitute a major part of the economic life of the commercial property and the present value of the minimum lease payments does not constitute the fair value of the asset. Thus, it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The group based on its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow model. The cash flows are derived from the budget for the next five years and do not include activities that the group is not yet committed to or significant future investments that will enhance the asset's performance of the Cash Generating Unit being tested. The recoverable amount is sensitive to the discount rate used for the Discounted Cash Flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans

The cost of the defined benefit plans viz. gratuity, superannuation for the eligible employees of the group are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rate.

Further details about gratuity obligations are given in Note 38.

Provision and contingent liability

On an ongoing basis, Group reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Note - 5 Property, Plant and Equipment

(₹ in lakhs)

PARTICULARS	GROSS BLOCK As at 01-Apr-18	Additions	Deductions/ Adjustments	As at 31-Mar-19	ACCUMULATED DEPRECIATION As at 01-Apr-18	Charge for the year	Deductions/ Adjustments	As at 31-Mar-19	NET BLOCK Balance As at 31-Mar-19	Balance As at 31-Mar-18
Freehold land	551.47	-	-	551.47	-	-	-	-	551.47	551.47
Leasehold land	705.30	-	-	705.30	19.19	6.41	-	25.60	679.70	686.11
Buildings	17,929.81	1186.34	5.33	19,110.82	1,531.79	663.05	3.01	2,191.83	16,918.99	16,398.02
Bridge, culverts,bunders,etc.	0.18	-	-	0.18	0.06	0.02	-	0.08	0.10	0.12
Roads	138.48	270.80	-	409.28	37.99	6.81	-	44.80	364.48	100.49
Plant and machinery	2,10,634.85	69627.56	104.85	2,80,157.56	26,967.90	10,567.79	97.27	37,438.42	2,42,719.14	1,83,666.95
Furniture and fittings	605.00	6594.07	14.91	7,184.16	159.66	138.12	14.17	283.61	6,900.55	445.34
Motor Vehicles	230.27	93.60	17.48	306.39	122.63	35.06	16.61	141.08	165.31	107.64
Railway sidings	2,122.13	-	-	2,122.13	328.75	116.16	-	444.91	1,677.22	1,793.38
Office equipment	692.95	163.56	5.91	850.60	301.45	134.52	5.87	430.10	420.50	391.50
Computers and Data Processing units	346.89	278.10	39.61	585.38	128.06	117.13	37.32	207.87	377.51	218.83
Laboratory equipment	598.92	970.15	19.41	1,549.66	170.27	75.25	15.87	229.65	1,320.01	428.65
Electrical Installation and Equipment	6,384.63	4706.22	-	11,090.85	782.35	643.45	-	1,425.80	9,665.05	5,602.28
Library books	16.96	-	-	16.96	6.10	1.57	-	7.67	9.29	10.86
TOTAL	**2,40,957.84**	**83,890.40**	**207.50**	**3,24,640.74**	**30,556.20**	**12,505.34**	**190.12**	**42,871.42**	**2,81,769.32**	**2,10,401.64**
Capital work in progress	-	-	-	-	-	-	-	-	**18,722.78**	**76,308.19**

PARTICULARS	GROSS BLOCK As at 01-Apr-17	Additions	Deductions/ Adjustments	As at 31-Mar-18	ACCUMULATED DEPRECIATION As at 01-Apr-17	Charge for the year	Deductions/ Adjustments	As at 31-Mar-18	NET BLOCK Balance As at 31-Mar-18	Balance As at 31-Mar-17
Freehold land	551.47	-	-	551.47	-	-	-	-	551.47	551.47
Leasehold land	705.30	-	-	705.30	12.77	6.42	-	19.19	686.11	692.53
Buildings	17,560.93	388.30	19.42	17,929.81	880.25	667.08	15.54	1,531.79	16,398.02	16,680.68
Bridge, culverts,bunders,etc.	0.18	-	-	0.18	0.04	0.02	-	0.06	0.12	0.14
Roads	138.48	-	-	138.48	28.83	9.16	-	37.99	100.49	109.65
Plant and machinery	1,92,503.19	18,354.63	222.97	2,10,634.85	17,262.45	9,904.62	199.17	26,967.90	1,83,666.95	1,75,240.74
Furniture and fittings	668.45	6.15	69.60	605.00	145.30	79.03	64.67	159.66	445.34	523.15
Motor Vehicles	200.34	30.00	0.07	230.27	89.18	33.52	0.07	122.63	107.64	111.16
Railway sidings	2,122.13	-	-	2,122.13	164.15	164.60	-	328.75	1,793.38	1,957.98
Office equipment	673.91	129.69	110.65	692.95	261.18	136.48	96.21	301.45	391.50	412.73
Computers and Data Processing units	450.76	84.58	188.45	346.89	205.82	98.22	175.98	128.06	218.83	244.94
Laboratory equipment	601.28	10.68	13.04	598.92	112.73	69.00	11.46	170.27	428.65	488.55
Electrical Installation and Equipment	4,779.47	1,605.16	-	6,384.63	296.56	485.79	-	782.35	5,602.28	4,482.91
Library books	16.96	-	-	16.96	4.42	1.68	-	6.10	10.86	12.54
TOTAL	**2,20,972.85**	**20,609.19**	**624.20**	**2,40,957.84**	**19,463.68**	**11,655.62**	**563.10**	**30,556.20**	**2,10,401.64**	**2,01,509.17**
Capital work in progress	-	-	-	-	-	-	-	-	**76,308.19**	**27,301.52**

Notes

1. The Company has commissioned 40000 MTPA Melamine-III plant at a cost of ₹ 80756.00 Lakhs, 957 KWH Solar power plant ₹ 404.00 Lakhs & 5000 MTPA SAG/SAL plant ₹ 241.00 Lakhs during FY 2018-19.
2. Asset acquisition includes R&D assets of ₹ 20.83 lakhs (previous year ₹ 88.08 lakhs).
3. The Company has acquired land through Government and also through direct negotiations. The entire land is in possession of the Company. In respect of portion of land for which the Company has still not received the award/sale deed, the advance paid to land owners have been treated as land. In respect of other portion of land acquired through direct negotiations, compensation has been paid at the negotiated price. The Company also holds possession of a portion of land for which no amount has been paid in absence of receipt of awards.
4. The Company has leased a portion of its land to Bank of Baroda for bank premises at Fertilizernagar and Sikka and Gas Authority of India Ltd. (GAIL) for establishment of CNG pumping station.
5. Buildings include ₹ 0.02 lakh being the value of shares in Co-operative Housing Societies.
6. The Company established Sikka Jetty at its own cost, which is in operation since 1987. After due discussion with Gujarat Maritime Board (GMB), a consensus was arrived at establishing ownership of jetty with the Company. Thereafter, in terms of resolution passed by GMB, the ownership of the jetty at Sikka was transferred to the Company. However, during 1994, GMB has reversed its earlier decision not supported by resolution and contended that the ownership of the jetty rests with GMB. The Company has made representation to the appropriate authority with regards to the ownership of the jetty with the Company.
   The matter of deciding the status of Jetty was under examination at GMB & Government of Gujarat levels since long back. Various meetings were also held and after due diligence on the matter, it is decided by the Board of GMB supported by a resolution to assign the status of Captive Jetty to sikka jetty and the Company has to sign Captive Jetty Agreement with GMB. The matter is under discussion with GMB authorities. Pending finalization of the Captive Jetty Agreement, no provision is considered necessary in respect of various claims against the Company and counter-claims of the Company (both the amounts not determined). At present the Company is in possession of the Jetty and continues to be the owner of the Jetty pending signing of the Agreement.

Notes to the Consolidated Financial Statements

6. Intangible assets

(₹ in lakhs)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01-Apr-18	Additions	Deductions/ Adjustments	As at 31-Mar-19	As at 01-Apr-18	Charge for the year	Deductions/ Adjustments	As at 31-Mar-19	Balance As at 31-Mar-19	Balance As at 31-Mar-18
Computer software	1,258.01	36.14	-	1,294.15	863.51	120.05	-	983.56	310.59	394.50
TOTAL	**1,258.01**	**36.14**	**-**	**1,294.15**	**863.51**	**120.05**	**-**	**983.56**	**310.59**	**394.50**

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01-Apr-17	Additions	Deductions/ Adjustments	As at 31-Mar-18	As at 01-Apr-17	Charge for the year	Deductions/ Adjustments	As at 31-Mar-18	Balance As at 31-Mar-18	Balance As at 31-Mar-17
Computer software	1,258.01	-	-	1,258.01	578.62	287.80	2.91	863.51	394.50	679.39
Technical Knowhow	9.66	-	9.66	-	2.13	-	2.13	-	-	7.53
TOTAL	**1,267.67**	**-**	**9.66**	**1,258.01**	**580.75**	**287.80**	**5.04**	**863.51**	**394.50**	**686.92**

7. Non-current investments

(₹ in lakhs)

	Praticulars	As at 31-03-2019	As at 31-03-2018
Investments in equity shares of Associates measured at cost			
14,302	Shares of Vadodara Enviro Channel Ltd. - ₹ 10 each*	175.15	260.93
12,50,000	Shares of Gujarat Green Revolution Company Ltd. - ₹ 10 each	6,878.09	5,855.64
1,63,34,558	Shares of Karnalyte Resources Inc - Canadian Dollar (CAD) (1,02,88,697 shares subscribed during the year)	3,725.89	2,520.04
		10,779.13	8,636.61
Unquoted equity shares of other companies measured at fair value through OCI			
11,25,000	Shares of Indian Potash Limited - ₹ 10 each	6,242.17	15,191.10
12,26,31,575	Shares of Gujarat Chemical Port Terminal Co. Ltd. - ₹ 1 each	23,177.37	18,640.00
7,12,20,000	Shares of Bhavnagar Energy Company Ltd.- ₹10 each) (Note-2) (1,20,00,000 shares subscribed during the year)	-	2,931.39
2,35,00,000	Shares of Gujarat State Petroleum Corporation Limited – ₹ 1 each	1,882.35	1,886.96
41,79,848	Shares of Tunisian Indian Fertilizers (TIFERT s.a.) - TND 10 each (Note - 3)	-	-
60,000	Shares of Gujarat Venture Finance Limited - ₹ 10 each	89.28	74.02
50,000	Shares of Biotech Consortium India Limited - ₹ 10 each	19.02	19.59
1,15,000	Shares of Gujarat Data Electronics Limited - ₹ 10 each	-	-
		31,410.19	38,743.06
Quoted equity shares of other companies measured at fair value through OCI			
3,07,79,167	Shares of Gujarat Narmada Valley Fertilizers Co. Ltd. - ₹ 10 each	94,168.86	1,12,020.78
2,23,62,784	Shares of Gujarat Industries Power Company Ltd. - ₹ 10 each	15,899.94	21,647.18
16,55,040	Shares of Gujarat Alkalies & Chemicals Ltd. - ₹ 10 each	8,164.31	11,561.28
4,69,14,475	Shares of Gujarat Gas Ltd. - ₹ 2 each (For the FY 17-18, No. of shares was 93,82,895, the same are split from ₹10 face value per share to ₹ 2 face value per share during the year)	69,480.34	78,178.28
9,35,600	Shares of Gujarat State Financial Corporation - ₹ 10 each	-	-
20,00,000	Shares of GRUH Finance Limited - ₹ 2 each (10,00,000 Bonus shares received during the year)	5,516.00	5,752.50
5,49,440	Shares of Industrial Development Bank of India - ₹ 10 each	256.31	396.70
5,79,000	Shares of Mangalore Chemicals & Fertilizers Ltd. - ₹ 10 each	234.50	350.30
		1,93,720.26	2,29,907.02
Total FVTOCI Investments		2,25,130.45	2,68,650.08
Other equity investments			
Tunisian Indian Fertilizers (TIFERT) (Note - 5)		**1,729.40**	**1,664.32**
TOTAL INVESTMENTS		2,37,638.98	2,78,951.01

7. Non-current investments (Contd...)

(₹ in lakhs)

Particulars	As at 31-03-2019	As at 31-03-2018
Aggregate book value of Quoted Investments	1,93,720.26	2,29,907.02
Aggregate market value of Quoted Investments	1,93,720.26	2,29,907.02
Aggregate carrying value of Unquoted Investments	43,918.72	49,043.99
Category-wise other investments-as per Ind AS 109 classification		
Particulars	**31-03-2019**	**31-03-2018**
Financial assets carried at fair value through profit or loss (FVTPL)	-	
Financial assets carried at amortised cost	10,779.13	8,636.61
Financial assets measured at FVTOCI	2,26,859.85	2,70,314.40
TOTAL INVESTMENTS	**2,37,638.98**	**2,78,951.01**
Investment in Associates is accounted under equity method as under:		
Particulars		
(i) Vadodara Enviro Channel Limited		
Opening Carrying value of Investment	260.93	323.65
Capital Reserve	17.50	17.50
Share in Profit for the year	(103.28)	(45.22)
Carrying value of investments at the year end	**175.15**	**260.93**
(ii) Gujarat Green Revolution Company Limited		
Opening Carrying value of Investment	5,855.64	5,540.94
Capital Reserve	164.22	164.22
Share in Profit for the year	855.98	478.92
Add: Share in Other Comprehensive Income for the year	2.25	-
Carrying value of investments at the year end	**6,878.09**	**5,855.64**
(iii) Karnalyte Resources Inc		
Opening Carrying value of Investment	2,520.04	2,227.60
Carrying Value for further acquisition	1,956.34	-
Goodwill	-	734.17
Share in Profit for the year	(750.50)	(441.73)
Carrying value of investments at the year end	**3,725.88**	**2,520.04**

Notes:

** Less than a Thousand*

1) There is no change in the number of shares compare to previous year, except where specifically mentioned above under each case.
2) As per Notification of Govt of Gujarat, Bhavnagar Energy Company Ltd. is Merged with Gujarat State Electricity Corpo. Ltd. As per the Meger scheme, the company will receive 1 No of share of GSECL.
3) The equity shares held by the Company in Tunisian Indian Fertilizers S.A., Tunisia (TIFERT) have been pledged to secure the obligations of TIFERT to their lenders.
4) Investments at fair value through OCI (fully paid)reflect investment in quoted and unquoted equity securities. Refer note 42 for determination of their fair values.
5) The company has provided a loan of USD 2.50 Mn to TIFERT for procurement of critical spares and equipments. Loan has been provided with a condition of compulsory conversion in equity shares of TIFERT after 3 years from the date of agreement and it carries an interest of daily average LIBOR plus a margin of 225 basis points. Principal amount of the loan along with unpaid interest will be converted into equity shares of TIFERT at face value after 3 years of agreement, accordingly the same has been classified as Investment, as in substance the nature is of the investment.

Notes to the Consolidated Financial Statements

8. Other non-current financial assets

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good		
Other deposits	4,419.15	4,372.75
Unsecured, considered doubtful		
Deposits with companies & others	102.70	102.70
Less: Allowance for doubtful deposits	102.70	102.70
TOTAL	**4,419.15**	**4,372.75**

9. Other non current assets

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Capital Advances*	32,152.02	31,360.74
Prepaid Expenses	6.03	6.03
Prepayment for Leasehold Land	957.44	1,031.82
Others	204.84	169.47
TOTAL	**33,320.33**	**32,568.06**

*Capital advance as on 31st March,2019 includes ₹ 28,857.98 lakhs (₹ 29,139.57 lakhs as at 31st March, 2018), advance for leasehold land pending execution of lease deed towards plot no.D-3/4 in Dahej III admeasuring 2979922.19 sq.meter.

10. Inventories

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Raw materials	24,933.04	22,816.88
Raw materials in Transit	10,308.56	2,518.40
Work-in-Process	1,559.13	1,679.53
Finished goods	63,430.86	30,648.96
Stock in trade	44,538.94	12,670.94
Stock in trade-in Transit	65.16	-
Stores and spares (including packing material)	20,688.61	16,952.58
Loose tools	-	21.20
TOTAL	**1,65,524.30**	**87,308.49**

11. Trade receivables

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Secured, considered good	1,052.65	1,032.39
Unsecured, considered good	80,109.30	92,468.38
Unsecured, credit impaired	6,942.39	7,026.02
	88,104.34	1,00,526.79
Less: Allowance for doubtful debts (including ECL)	6,942.39	7,026.02
TOTAL	**81,161.95**	**93,500.77**

The average credit period on sale of goods is 30 to 90 days. No interest is charged on trade receivables upto the expiry of the credit period. Thereafter, interest is charged at 15% per annum on the outstanding balance.

The Company has one customer (GSFC Agrotech Limited) who represent more than 5% of the total balance of trade receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. Refer note 42 for the provision matrix at the end of the reporting period, ageing of receivable and movement in the expected credit loss allowance.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. Refer note 42 for the credit risk management by the Company.

The above balances include trade receivables from related parties ₹ 200.21Lakhs (₹ 330.96 Lakhs as on 31 March 2018) Refer Note 40.

12. Government subsidies receivable

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Subsidy from Government of India under New Urea Policy/Retention Price Scheme/Nutrient Based Subsidy		
Outstanding for a period exceeding six months from due date	1,01,671.00	1,10,115.00
Outstanding for a period not exceeding six months from due date	65,086.80	62,730.15
	1,66,757.80	**1,72,845.15**
Less: Allowance for doubtful debts	966.38	966.38
TOTAL	**1,65,791.42**	**1,71,878.77**

As agreed by Department of Fertilizers vide its Office Memorandum dated 16th March, 2017, it has started releasing outstanding subsidy from 01/04/2010 to 17/03/2013 and as required, the Company has submitted cost data for the period 18/03/2013 to 05/03/2017 to Department of Fertilizers "DoF" to examine the eligibility of GSFC for the payment of subsidy. The same is under process at DoF. The outstanding receivable on account of Ammonium Sulphate subsidy claims related to the period 01/04/2010 to 17/03/2013 is ₹ 30.12 Crores and for 18/03/2013 to 05/03/2017 is ₹ 246.68 Crores as on 31st March 2019.

13. Cash and cash equivalents

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Cash and cash equivalents		
Cash on hand	34.06	11.39
Balances with banks		
In current accounts	4,048.14	5,523.08
	4,082.20	**5,534.47**

14. Other bank balances

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
In Unclaimed dividend account-restricted	544.35	525.91
In Fractional bonus account-restricted	10.58	10.58
In Deposit accounts (original maturity more than three months)	2,199.32	909.11
TOTAL	**2,754.25**	**1,445.60**

If the dividend has not been claimed within 30 days from the date of its declaration, the Company is required to transfer the total amount of the dividend which remains unpaid or unclaimed, to a special account to be opened by the Company in a scheduled bank to be called "Unpaid Dividend Account". The unclaimed dividend lying in such account is required to be transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government after a period of seven years from the date of declaration. Company has transferred Unclaimed Dividend upto FY 2010 – 2011 to IEPF upto March 31, 2019.

15. Loans

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Secured, considered good		
Loans to employees*	16,462.35	14,895.61
Unsecured, considered good		
Advances to employees	65.59	122.19
Other loans to employees	873.53	916.11
Interest accrued	42.50	117.54
Others	19.67	53.52
	17,463.64	**16,104.97**

Notes:

* The loans are secured by mortgage of the underlying assets and are repayable on demand.

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counter parties. These financial assets are carried at amortised cost.

16. Other current financial assets

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Financial assets at fair value through profit & loss		
Derivatives not designated in hedging relationship		
Foreign exchange option contracts	9.40	1,063.65
Financial assets at amortised cost		
Others	470.32	757.59
TOTAL	**479.72**	**1,821.24**

17. Other Current Assets

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good		
Balances with govt. agencies:	11,565.74	20,273.89
Advances to suppliers*	9,242.06	15,565.22
Prepaid expenses	438.45	294.92
Prepayment for Lease hold lands	355.97	355.98
TOTAL	**22,317.02**	**36,490.01**

* includes advances to related parties ₹ 7027.18 lakhs (₹ 9648.08 lakhs as at 31st March,2018).

18. Assets held for sale

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Assets classified as held for sale*	703.98	703.98
TOTAL	**703.98**	**703.98**

* Expected net realizable value is higher than carrying amount.

The Company decided to sell plant and machinery amounting to ₹ 300.26 Lakhs which is of obsolete technology. The Company expects to sell the same in near future. There is no cost to sell the asset and hence the same is not presented seperately under liabilities.

During the year 2017-2018, company has acquired possession of Residential Property located at, New Delhi against outstanding receivables, value of which amounts to ₹ 403.72 Lakhs.

19. Share Capital

(₹ in lakhs)

Particulars	As at 31st March 2019		As at 31st March 2018	
	Number of shares Refer Note (a) below	Amount	Number of shares Refer Note (a) below	Amount
Authorised				
Equity Shares of ₹ 2/- each	1,00,00,00,000	20,000.00	1,00,00,00,000	20,000.00
Redeemable Cumulative Preference Shares of ₹100 each	1,60,00,000	16,000.00	1,60,00,000	16,000.00
		36,000.00		36,000.00
Issued, Subscribed and Paid up:				
Issued				
Equity Shares : Face value of ₹ 2/- each				
Shares outstanding at beginning of the year	39,91,21,850	7,982.44	39,91,21,850	7,982.44
Shares outstanding at year end	**39,91,21,850**	**7,982.44**	**39,91,21,850**	**7,982.44**
Subscribed				
Equity Shares : Face value of ₹ 2/- each				
Shares outstanding at beginning of the year	39,90,69,685	7,981.39	39,90,69,685	7,981.39
Shares outstanding at year end	**39,90,69,685**	**7,981.39**	**39,90,69,685**	**7,981.39**
Paid-up				
Equity Shares : Face value of ₹ 2/- each				
Shares outstanding at beginning of the year	39,84,77,530	7,969.55	39,84,77,530	7,969.55
Shares outstanding at year end	39,84,77,530	7,969.55	39,84,77,530	7,969.55
TOTAL	**39,84,77,530**	**7,969.55**	**39,84,77,530**	**7,969.55**

a) Reconciliation of Shares outstanding at the beginning and the end of the reporting period

(₹ in lakhs)

Particulars	As at 31st March 2019		As at 31st March 2018	
	Number of shares	Amount	Number of shares	Amount
Equity Shares				
At the beginning of the year	39,84,77,530	7,969.55	39,84,77,530	7,969.55
Issued / Reduction, if any during the year	-	-	-	-
Outstanding at the end of the year	39,84,77,530	7,969.55	39,84,77,530	7,969.55

b) Rights, preferences and restrictions attached to shares

Equity shares

The Company has one class of equity shares having a par value of ₹ 2 each. Each shareholder is eligible for one vote per share held. The dividend proposed by Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) Shareholders holding more than 5% of equity share capital

Particulars	As at 31st March 2019		As at 31st March 2018	
	Number of shares	Percentage of holding	Number of shares	Percentage of holding
Gujarat State Investments Limited	15,07,99,905	37.84	15,07,99,905	37.84
Life Insurance Corporation of India	3,17,97,658	7.98	3,17,78,658	7.98
Fidelity Puritan Trust-Fidelity Low priced stock fund	2,85,00,000	7.15	2,89,00,000	7.25

20. Other equity

(₹ in lakhs)

Particulars	Reserves & Surplus					Items of OCI	
	Capital reserve	Security premium	Capital redemption reserve	General reserve	Retained earnings	Equity Instruments through OCI	Total Equity
Balance as at April 01, 2017	**1,256.33**	**30,524.02**	**3,335.00**	**4,28,153.31**	**28,774.44**	**1,61,881.86**	**6,53,924.96**
Profit for the year	-	-	-	-	47,376.75	-	47,376.75
Other comprehensive income for the year net of income tax	-	-	-	-	-	31,868.23	31,868.23
Other comprehensive income arising from remeasurement of defined	-	-	-	-	(211.48)	-	(211.48)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**47,165.27**	**31,868.23**	**79,033.50**
Dividends paid [Note 20]	-	-	-	-	(8,796.51)	-	(8,796.51)
Dividend Distribution Tax (DDT) [Note 20]	-	-	-	-	(1,790.76)	-	(1,790.76)
Transfer to General reserve	-	-	-	18,000.00	(18,000.00)	-	-
Balance as at March 31, 2018	**1,256.33**	**30,524.02**	**3,335.00**	**4,46,153.31**	**47,352.44**	**1,93,750.09**	**7,22,371.18**
Balance as at April 01, 2018	**1,256.33**	**30,524.02**	**3,335.00**	**4,46,153.31**	**47,352.44**	**1,93,750.09**	**7,22,371.18**
Capital Reserve on acquisition of shares in Associates	1,200.38	-	-	-	-	-	1,200.38
Profit for the year	-	-	-	-	49,313.29	-	49,313.29
Other comprehensive income for the year net of income tax	-	-	-	-	-	(37,373.54)	(37,373.54)
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	-	-	-	-	(834.77)	-	(834.77)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**48,478.54**	**(37,373.54)**	**11,104.99**
Dividends paid [Note 20]	-	-	-	-	(8,766.51)	-	(8,766.51)
Dividend Distribution Tax (DDT) [Note 20]	-	-	-	-	(1,811.77)	-	(1,811.77)
Transfer to General reserve	-	-	-	38,000.00	(38,000.00)	-	-
Balance as at March 31, 2019	**2,456.71**	**30,524.02**	**3,335.00**	**4,84,153.31**	**47,252.69**	**1,56,376.56**	**7,24,098.28**

Distributions made and proposed

Particulars	Amount
Cash dividends on equity shares declared and paid:	
Final dividend for the year ended on 31 March 2018: ₹ 2.20 per share (31 March 2017 : ₹ 2.20 per share)	(8,766.51)
DDT on final dividend	(1,811.77)
Total cash dividends declared and paid	**(10,578.28)**
Proposed dividends on Equity shares:	
Final dividend for the year ended on 31 March 2019: ₹ 2.20 per share (31 March 2018: ₹ 2.20 per share)	(8,766.51)
DDT on final dividend	(1,811.77)
Total Proposed dividends	**(10,578.28)**
Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon).	

1. **Capital Reserve:** This reserve has been created from amounts forfeited on shares not fully paid up, scheme of capital subsidy for industries in backwards areas, etc. It is not available for distribution of dividend.
2. **Securities Premium :** The amount received in excess of face value of the Rights Equity shares issued have been recognised in Share Premium Reserve, etc. It is not available for distribution of dividend.
3. **Capital Redemption Reserve :** Capital Redemption Reserve has been created against the redemption of preference shares in earlier years. It is not available for distribution of dividend.
4. **General Reserve :** General Reserve represents a reserve other than capital reserve which is not earmarked for a specific purpose.
5. **Retained Earnings:** Retained Earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.
6. **Other comprehensive income (OCI) :** OCI comprises items of income and expenses (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by Indian Accounting Standards. The components of OCI include: re-measurements of defined benefit plans, gains and losses arising from investment in equity instruments.

Notes to the Consolidated Financial Statements

21. Long term borrowings

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Secured		
Term loan from bank*	14,666.67	20,000.00
TOTAL	**14,666.67**	**20,000.00**

Note:

* The term loan from bank comprises of Rupee Term Loan (RTL) from EXIM bank for 40,000 MTPA Melamine III Project at Baroda Unit of GSFC having tenure of 5 years. The sanctioned limit of the loan is ₹ 500 Crores carrying G-sec rate prevailing as on the date of disbursement with spread of 160 bps (G – sec rate and spread will be reset annually). GSFC had availed ₹ 150 Crore during F.Y. 2018-19 having effective rate of interest 8.50%. During the year, company pre – paid ₹ 150 Crore. The effective rate of interest for outstanding balance of ₹ 200 Crore is 8.18%. This loan is secured by hypothecation of movable fixed assets of the said project. The principal amount of loan is repayable over a period of 15 equal quarterly installments commencing after a moratorium of 18 months from the date of first disbursement which will be due on 01.04.2019.

Financial Year	Amount in ₹ Lakhs
2019-20	5333
2020-21	5333
2021-22	5333
2022-23	4001

22. Long term provisions

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Provision for employee benefits		
Provision for Gratuity (Refer Note 38)	5,718.79	4,589.10
Provision for Pension (Refer Note 38)	19,373.43	20,907.46
Provision for Compensated absences*	16,454.70	15,871.45
Provision for Post Retirement Medical Benefit Scheme (PRMBS) (Refer Note 38)	3,839.45	3,838.57
Other Provisions		
Provision for Asset Retirement Obligation	1,808.25	1,648.11
TOTAL	**47,194.62**	**46,854.69**

Movement in provision for Asset Retirement Obligation:

Particulars	Provision for Asset Retirement
Balance as at 1st April, 2018	1,648.11
Additional provision recognised	160.14
Balance as at 31st March, 2019	1,808.25

23.

A Income tax asset (net) (₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Advance payment of Income Tax (net)	9,904.01	13,672.33

B Current tax liabilities (net) (₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Provision for Income Tax (net)	499.07	2,473.63

C Deferred tax liabilities (net) (₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
(a) Statement of Profit & loss		
Profit & loss section		
Current income tax charge (net of MAT credit entitlement)	11,871.18	6,983.80
Deferred tax relating to origination & reversal of temporary differences	5,481.26	5,068.78
Earlier Year Tax	228.98	(10,131.10)
Income tax expense reported in the statement of profit or loss	17,581.41	1,921.48
(b) Other comprehensive income section		
Unrealised (gain)/loss on FVTOCI equity securities	(7,346.07)	(7,598.63)
Net loss/(gain) on remeasurements of defined benefit plans	(449.59)	(113.59)
Income tax charged to OCI	**(7,795.67)**	**(7,712.22)**
(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended		
Accounting profit before income tax [A]	66,894.61	49,300.18
Statutory income tax rate	34.944%	34.608%
Tax at statutory income tax rate	**23,375.65**	**17,061.81**
Tax effects of :		
Income not subject to tax	(1,323.74)	(2,271.90)
Inadmissible expenses or expenses treated separately	8,929.45	8,771.89
Admissible deductions	(14,152.87)	(11,412.96)
Deduction Under chapter - VI	(5,072.01)	(5,409.10)
Deferred tax on other items	5,311.04	4,973.60
Others	284.91	339.24
Total tax effect	(6,023.22)	(5,009.23)
Income tax expense	17,352.43	12,052.58
Earlier year tax	228.98	(10,131.10)
Income tax expense reported in statement of Profit & loss	17,581.42	1,921.48

(d) Deferred tax relates to the following: (₹ in lakhs)

	Balance sheet		Profit & loss	
	31-Mar-19	**31-Mar-18**	**2018-19**	**2017-18**
Property, plant and equipment	(50,581.93)	(45,802.98)	4,778.95	3,075.75
Expenses allowable for tax purpose when paid	8,288.77	8,926.57	637.80	848.90
Investments in Equity instruments	19,108.32	11,762.24	(7,346.08)	(7,598.64)
Fair valuation of deposits	0.41	0.64	0.23	0.01
Actuarial loss on Defined benefit plan	9,205.89	8,756.29	(449.60)	(196.70)
Fair valuation of Derivatives	(6.65)	(6.64)	0.01	0.06
Machinery Spares	1,464.17	1,464.17	(0.00)	(14.08)
Undistributed profit of associates	(1,453.67)	(1,295.70)	157.97	96.61
Allowance for doubtful debts	5,303.07	5,316.05	12.98	1,120.91
ARO provision	389.91	333.95	(55.96)	(40.01)
ICDS Impact	95.83	44.03	(51.80)	63.76
Reclassification of MAT Credit entitlement	4,688.47	4,134.08	(554.39)	133.43
Deferred tax expense/(income)	-	-	**(2,869.89)**	**(2,510.00)**
Net deferred tax assets/(liabilities)	**(3,497.41)**	**(6,367.28)**	**-**	**-**
Reconciliation of deferred tax liabilities (net):				
Opening Balance as at	**31-03-2018**	**31-03-2017**		
	(6,367.28)	**(8,877.30)**		
Tax income/(expense) during the period recognised in P&L	(5,481.26)	(5,068.78)		
Tax income/(Expense) MAT credit recognised in P&L	554.39	(133.43)		
Tax income/(expense) during the period recognised in Retained Earnings	1.07			
Tax income/(expense) during the period recognised in OCI	7,795.67	7,712.21		
Closing balance as at	**(3,497.41)**	**(6,367.28)**		
	31-03-2019	**31-03-2018**		

Notes:

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

24. Financial Liabilities- borrowings

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Secured		
Loans repayable on demand		
From Banks		
Cash credit account *	16,365.96	18,252.69
Unsecured		
Loans repayable on demand		
Short term working capital demand loan/over drafts from banks	2.83	14,538.36
Inter Corporate Deposits	70,500.00	-
Other loans and advances		
Buyers credit and bill discounting facility	-	51,298.95
TOTAL	**86,868.79**	**84,090.00**

* The Cash credit facility from consortium of banks is secured by hypothecation of stock of raw materials, finished products, packing materials, general stores, spares, book debts etc. of the Company.

Interest rate details for short term borrowings:

(i) Cash credit accounts carry interest rates ranging from 8.15% to 9.70% p.a.

(ii) Overdraft from banks carries interest rate at 8.35% p.a.

(iii) Inter Corporate Deposits carries interest at 7.75% p.a.

(iv) Buyers credit carries interest at ranging from 1.04% to 2.35% p.a.

25. Current financial liabilities-trade payables

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Due to Micro, Small and Medium Enterprises (MSMED)*	1,057.41	379.11
Others**	1,02,808.75	82,737.19
TOTAL	**1,03,866.16**	**83,116.30**

Particulars	As at 31st March, 2019	As at 31st March, 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1,057.41	379.11
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	NIL	NIL
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	NIL	NIL
(iv) The amount of interest due and payable for the year	NIL	NIL
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	NIL	NIL
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	NIL	NIL

*Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

26. Other current financial liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Financial liabilities at fair value through profit & loss		
Other financial liabilities at amortised cost		
Current maturities of long term debt	5,333.33	5,203.53
Interest accrued but not due on borrowings	489.12	225.96
Unclaimed dividend*	544.35	525.91
Unpaid matured deposits*	-	0.25
Deposits received	5,410.37	5,375.61
Dues to shareholders for fractional bonus shares	19.42	19.42
Liability towards employee benefits	5,742.73	3,440.77
Creditors for capital goods	25,874.23	28,726.27
Other payables	188.21	1,566.44
TOTAL	**43,601.76**	**45,084.16**

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

27. Other current liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Advances from customers	1,551.58	1,165.01
Statutory dues	1,768.93	1,941.23
Income received in advance	3.28	7.40
TOTAL	**3,323.79**	**3,113.64**

28. Provisions

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Provision for employee benefits		
Provision for Gratuity (Refer note 38)	1,812.46	1,894.74
Provision for Compensated absences*	3,507.67	3,257.51
Provision for Pension (Refer note 38)	4,476.75	4,541.66
Provision for PRMBS (Refer note 38)	210.39	198.53
Other Provision**	530.00	-
TOTAL	**10,537.27**	**9,892.44**

* The provision for Compensated absences pertains to accrued ordinary and sick leave entitlements. The change in carrying amount of the provision results from additional provision recognized net of benefits paid.

** Employees' Provident Fund Trust of the Company (GSFC-EPFT) is holding investments aggregating to ₹ 2120 Lakhs in various debt securities issued by IL&FS Group. In view of uncertainties regarding recoverability of such investment, the Company has, as a matter of prudence, made a provision of 25% of this investment, towards probable incremental employee benefit liability that may arise on the Company on account of any likely shortfall of the GSFC-EPFT in meeting its obligations.

29. Revenue from operations

(₹ in lakhs)

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
Revenue from sale of products (including subsidy on fertilizers)		
(Refer note no. 12)		
- Manufactured / Generated products	6,07,243.78	5,50,901.59
- Traded products	2,41,823.56	79,555.77
Total	**8,49,067.34**	**6,30,457.36**
Revenue from operation above includes:-		
Subsidy from Government of India under New Urea Policy/Retention Price Scheme/Nutrient Based Subsidy Scheme		
Pertaining to current year	2,46,113.00	1,73,188.00
Pertaining to earlier years determined during current year	10,369.00	(6,688.00)
TOTAL	**2,56,482.00**	**1,66,500.00**

30. Other income

(₹ in lakhs)

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
Interest on (gross)	3,399.76	3,185.30
Dividend from long term investments	3,657.86	2,791.83
Rent	148.10	219.00
Insurance claims	562.37	153.35
Excess provision no longer required	1,353.07	1,441.32
Bank guarantee commission	-	116.52
Scrap sales	753.19	1,554.63
Miscellaneous income	878.23	433.28
TOTAL	**10,752.58**	**9,895.31**

31. Cost of material consumed

(₹ in lakhs)

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
Raw Materials		
Opening stock	25,335.28	18,838.48
Add: Purchases	4,32,523.10	3,29,842.80
Less: Closing stock	35,241.60	25,335.28
TOTAL	**4,22,616.78**	**3,23,346.00**

32. Purchase of stock in trade

(₹ in lakhs)

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
Purchase of Stock in Trade	2,10,545.65	84,069.94
TOTAL	**2,10,545.65**	**84,069.94**

Notes to the Consolidated Financial Statements

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

(₹ in lakhs)

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
Opening stock		
Finished products	35,812.57	29,387.52
Stock in trade	7,507.30	3,145.12
Work-in-process	1,679.53	1,627.42
	44,999.40	**34,160.06**
Less: Closing stock		
Finished products	63,430.85	35,812.57
Stock in trade	44,604.10	7,507.30
Work-in-process	1,559.11	1,679.53
	1,09,594.06	**44,999.40**
(Increase) / Decrease	**(64,594.66)**	**(10,839.34)**

34. Employee benefit expenses

(₹ in lakhs)

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
Salaries, wages, bonus	38,092.09	37,397.56
Contribution to provident, gratuity and superannuation (pension) funds (including provisions)	8,073.55	7,230.64
Staff Welfare expenses	6,902.79	6,683.72
TOTAL	**53,068.43**	**51,311.92**

Employee benefit expenses includes R&D salary expenses of ₹ 895.91 lakhs (previous year ₹ 851.11 lakhs)(Refer note no. 43)

35. Finance costs

(₹ in lakhs)

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
Interest		
- borrowings	5,036.93	3,544.20
- others	439.47	1,007.62
Other borrowing cost	624.68	583.41
TOTAL	**6,101.08**	**5,135.23**

36. Other expenses

(₹ in lakhs)

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
Consumption of stores and spare parts	10,325.57	8,927.52
Water	2,906.41	2,684.57
Packing expenses	9,690.68	9,133.65
Repairs to buildings	430.61	294.35
Repairs to machinery	6,334.35	5,511.60
Other repairs	829.61	669.06
Insurance	581.65	667.16

36. Other expenses (Contd...)

(₹ in lakhs)

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
Rent, rates and taxes	486.23	343.31
Product transportation, distribution & loading & unloading charges	35,472.07	26,914.67
Depots and farm information centers expense	3,692.14	4,037.10
Marketing expense reimbursement, demonstration, extension services and publicity etc.	1,170.23	843.87
Foreign exchange gain/loss (net)	6,909.72	3,224.19
Directors sitting fees	7.30	6.12
Auditors' remuneration *	26.15	24.81
Cost auditors' fees	5.16	5.28
Loss on fixed assets sold/discarded	17.23	39.39
Allowance for doubtful debts	38.86	432.86
Amortisation of leasehold land	355.98	355.98
Donations and contributions	420.68	1,559.73
Miscellaneous	5,172.49	4,311.96
TOTAL	**84,873.09**	**69,987.16**
Other expenses includes R&D expenses of ₹ 10.43 lakhs (previous year ₹ 17.76 lakhs) in respective heads (Refer note no. 43)		

***Auditors' remuneration**

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
Payment to Statutory Auditors:		
For Statutory audit	7.50	10.95
For Taxation matters	2.40	1.25
For other services (including Limited Review fees & certification)	14.65	7.82
For Reimbursement of expenses	1.50	4.79
	26.05	**24.81**

37. Earnings per share (EPS):

(₹ in lakhs)

Particulars	Year ended 31st March, 19	Year ended 31st March, 18
i. Profit attributable to Equity holders of the Company		
Profit attributable to equity holders of the Company		
Continuing operations	49,313.29	47,376.75
Discontinued operations	-	-
Profit attributable to equity holders of the Company for basic earnings	49,313.29	47,376.75
Effect of dilution	-	-
Profit attributable to equity holders of the Company adjusted for the effect of dilution	**49,313.29**	**47,376.75**
ii. Weighted average number of ordinary shares		
Issued ordinary shares	39,84,77,530	39,84,77,530
Effect of dilution	-	-
	39,84,77,530	39,84,77,530
Basic EPS (₹)	12.38	11.89
Diluted EPS (₹)	12.38	11.89
Nominal value per share (₹)	2.00	2.00

38. Employment benefit plans

a) The Company operates post employment and other long term employee benefits defined plans as follows:

I. Funded

i. Gratuity

ii. Pension

II. Unfunded

i. Post retirement medical benefit scheme

Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment Risk: The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest Risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.

Longevity Risk: The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk: The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

b) Defined contribution plans:

Amount towards Defined Contribution Plans have been recognised under "Contributions to Providend, Gratuity and Superannuation Fund (pension) Funds (including provisions)" in Note : 34 ₹ 2996.94 lakhs for financial year 2018-19 (₹ 2,876.03 lacs for financial year 2017-18).

c) Details of funded & unfunded plans are as follows: **(₹ in lakhs)**

Description	Pension		Gratuity	
	2018-19	2017-18	2018-19	2017-18
1. Changes In Present Value of obligation				
a. Obligation as at the beginning of the year	61080.53	58669.04	27860.47	27890.11
b. Current Service Cost	796.25	586.39	1259.31	1299.12
c. Interest Cost	4739.84	4254.11	2182.49	2019.06
d. Actuarial (Gain)/Loss	303.51	1858.06	741.81	(1134.55)
e. Benefits Paid	(5826.19)	(4287.07)	(3040.36)	(2213.27)
f. Obligation as at the end of the year	61093.93	61080.53	29003.72	27860.47
The defined benefit obligation as at 31.03.2018 is	Funded	Funded	Funded	Funded
2. Changes in Fair Value of Plan Assets				
a. Fair Value of Plan Assets as at the beginning of the year	35631.39	32985.70	21376.92	19143.29
b. Expected return on Plan Assets	2765.00	2391.58	1674.89	1385.94
c. Actuarial Gain/(Loss)	(107.38)	323.70	(70.52)	196.79
d. Contributions	4780.95	4217.48	1535.82	2864.17
e. Benefits Paid	(5826.19)	(4287.07)	(3040.36)	(2213.27)
f. Fair Value of Plan Assets as at the end of the year	37243.76	35631.39	21476.75	21376.92

38. Employment benefit plans (Contd...)

(₹ in lakhs)

Description	Pension		Gratuity	
	2018-19	2017-18	2018-19	2017-18
3. Amount Recognised In The Balance Sheet				
a. Fair Value of Plan Assets as at the end of the year	37,243.76	35,631.39	21,476.75	21,376.92
b. Present Value of Obligation as at the end of the year	(61,093.93)	(61,080.53)	(29,003.72)	(27,860.47)
c. Amount recognised in the Balance Sheet	(23,850.18)	(25,449.14)	(7,526.97)	(6,483.55)
4. Expense recognised in P & L during the year				
a. Current Service Cost	796.25	586.39	1,259.31	1,299.12
b. Net Interest Cost	1,974.84	1,862.53	507.60	633.09
c. Expense recognised during the year	2,771.09	2,448.92	1,766.91	1,932.21
5. Expense recognised in OCI during the year				
a. Return on Plan Assets,Excluding Interest Income	107.38	(323.70)	70.52	(196.79)
b. Actuarial (Gain)/Loss recognised on Obligation	303.51	1,858.06	741.81	(1,134.55)
c. Net (Income)/Expense recognised during the year	410.89	1,534.36	812.33	(1,331.34)
6. Investment Details of Plan Assets				
Administered by LIC of India	100%	100%	100%	100%

Maturity Profile	Pension		Gratuity		PRMBS	
Projeted benefit payable in future year from the date of reporting	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
1st Following year	8,264.41	7,586.01	3,763.98	3,431.67	210.39	198.53
2nd Following year	4,781.35	5,014.61	2,314.11	2,387.23	222.75	213.17
3rd Following year	7,264.87	6,582.70	3,367.34	3,041.78	235.95	226.13
4th Following year	8,047.22	6,853.33	3,738.51	3,147.03	250.81	240.16
5th Following year	9,450.90	7,490.71	4,350.66	3,473.96	269.05	255.93
Sum of year 6 to 10	32,595.43	32,016.43	14,324.85	14,646.11	1,530.07	1,509.96
Sum of year 11 and above	-	-	16,530.70	17,116.76	-	-

Description	PRMBS	
	2018-19	2017-18
1. Changes In Present Value of the defined benefit obligation		
a. Obligation as at the beginning of the year	4,037.11	3,947.53
b. Current Service Cost	166.89	177.01
c. Interest Cost	290.54	253.58
d. Actuarial (Gain)/Loss	63.38	122.04
e. Benefits Paid	(508.08)	(463.05)
f. Obligation as at the end of the year	4,049.84	4,037.11
The defined benefit obligation as at 31.03.2018 is	Unfunded	Unfunded

38. Employment benefit plans (Contd...) (₹ in lakhs)

Description	PRMBS	
	2018-19	2016-17
2. Amount Recognised In The Balance Sheet		
a. Fair Value of Plan Assets as at the end of the year	—	—
b. Present Value of Obligation as at the end of the year	(4,049.84)	(4,037.11)
c. Amount recognised in the Balance Sheet	(4,049.84)	(4,037.11)
3. Expense recognised in P & L during the year		
a. Current Service Cost	166.89	177.01
b. Interest Cost	290.54	253.58
c. Expense recognised during the year	457.43	430.59
4. Expense recognised in OCI during the year		
a. Return on Plan Assets,Excluding Interest Income	—	—
b. Actuarial (Gain)/Loss recognised on Obligation	63.38	122.04
c. Net (Income)/Expense recognised during the year	63.38	122.04

The expense is disclosed in Note No. 34 - “Employee Benefit Expenses”, Pension & Gratuity are disclosed in line item - Contribution to Provident Fund,and provision to Gratuity, Superannuation (Pension) Funds. Leave Encashment is disclosed in line item - Salaries, Wages and Bonus and PRMBS is disclosed in line item - Welfare funds.

d) Assumptions

	31.03.2019	31.03.2018
a. Discount Rate (per annum)	7.78%	7.45%
b. Estimated Rate of return on Plan Assets (per annum)	N.A.	N.A.
c. Salary Escalation Rate (per annum)	6%	6%
d. Salary Medical Inflation Rate (per annum)	N.A.	N.A.

e. The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

f. The estimate of martality rate during employment has been considered as per Indian Assured Lives Mortality (2006-08).

g. Provident Fund contributions are made to Trusts administered by the Company. The interest rate payable to the members of the Trusts shall not be lower than the statutory rate of interest declared by the Central Government under the Employees provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. Having regard to the assets of the Fund managed by the Trusts and the return on the investments, the Company does not expect any deficiency in the foreseeable future except in case of IL&FS wherein Employees’ Provident Fund Trust of the Company (GSFC-EPFT) is holding investments aggregating to ₹ 2120 Lakhs in various debt securities issued by IL&FS Group. In view of uncertainties regarding recoverability of such investment, the Company has, as a matter of prudence, made a provision of 25% of this investment, towards probable incremental employee benefit liability that may arise on the Company on account of any likely shortfall of the GSFC-EPFT in meeting its obligations.

38. Employment benefit plans (Contd...) (₹ in lakhs)

Description	2018-19		
	Pension	Gratuity	PRMBS
e) Effect of one percentage point change in the assumed Discount Rate			
a. One percentage point increase in Discount Rate	(2,856.59)	(1,426.56)	(406.71)
b. One percentage point decrease in Discount Rate	3,143.43	1,585.38	494.89
Effect of one percentage point change in the assumed Salary Escalation Rate			
a. One percentage point increase in Salary Escalation Rate	3,167.46	1,596.53	NA
b. One percentage point decrease in Salary Escalation Rate	(2,928.63)	(1,461.47)	NA
Effect of one percentage point change in the assumed medical inflation rate-Benefit Obligation			
a. One percentage point increase in medical inflation rate	NA	NA	509.43
b. One percentage point decrease in medical inflation rate	NA	NA	297.90

f Details of funded & unfunded plans are as follows:

Pension	2018-19	2017-18	2016-17	2015-16	2014-15
Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)					
1 Present Value of Defined Benefit Obligation	61,093.93	61,080.53	58,669.04	50,362.00	35,708.00
2 Fair Value of Plan Assets	37,243.76	35,631.39	32,985.70	31,863.73	31,135.98
3 Status [Surplus/(Deficit)]	(23,850.18)	(25,449.14)	(25,683.34)	(18,498.27)	(4,572.02)
4 Experience Adjustment of Plan Assets	(107.38)	323.70	116.31	-	-
5 Experience/Assumptions Adjustment of obligation [(Gain)/Loss]	303.51	1,858.06	7,958.89	15,143.18	534.77
Gratuity	**2018-19**	**2017-18**	**2016-17**	**2015-16**	**2014-15**
Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)					
1 Present Value of Defined Benefit Obligation	29,003.72	27,860.47	27,890.11	26,260.45	21,072.46
2 Fair Value of Plan Assets	21,476.75	21,376.92	19,143.29	18,443.70	17,772.18
3 Status [Surplus/(Deficit)]	(7,526.97)	(6,483.55)	(8,746.82)	(7,816.75)	(3,300.33)
4 Experience Adjustment of Plan Assets	(70.52)	196.79	19.15	-	-
5 Experience/Assumptions Adjustment of obligation [(Gain)/Loss]	741.81	(1,134.55)	636.00	4,665.37	(460.73)

Notes to the Consolidated Financial Statements

38. Employment benefit plans (Contd...)

(₹ in lakhs)

PRMBS		2018-19	2017-18	2016-17	2015-16	2014-15
Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)						
1	Present Value of Defined Benefit Obligation	4,049.84	4,037.11	3,947.53	3,636.09	2,678.04
2	Fair Value of Plan Assets	-	-	-	-	-
3	Status [Surplus/(Deficit)]	(4,049.84)	(4,037.11)	(3,947.53)	(3,636.09)	(2,678.04)
4	Experience Adjustment of Plan Assets [Gain/(Loss)]	-	-	-	-	-
5	Experience/Assumptions Adjustment of obligation [(Gain)/Loss]	63.38	122.04	362.45	354.77	-

39. Commitment and contingencies

a. Commitments

(₹ in lakhs)

Particulars	As at Mar-19	As at Mar-18
(i) Commitment for equity contribution & others	-	5,439.00
(ii) Estimated amount of contracts remaining to be executed on capital accounts and not provided for	12,757.00	11,048.00

b. Contingent liabilities

(₹ in lakhs)

Particulars	As at Mar-19	As at Mar-18
Claims against the Company not acknowledgement as debt		
(i) Excise duty	12,366.00	11,266.00
(ii) Central sales tax and value added tax	5,661.00	5,644.00
(iii) Income tax	13,776.01	7,948.00
(iv) Other claims by:		
- Statutory corporations	43,862.00	43,610.00
Income tax assessment orders contested	5,674.20	4,552.00
- Department of Fertilizers, total amount not quantifiable, demands stayed, matter pending with High Courts	Refer Note:12	Refer Note:12
- Employees / ex-employees, contractual labour – pending before courts	Not ascertainable	Not ascertainable

In respect of the above, the expected outflow will be determined at the time of final resolution of the dispute.

c. Contingent Assets

The Company does not have any contingent assets.

40. Related party transactions

(₹ in lakhs)

Name of the Party	Nature of Relationship	Nature of Transaction	2018-19	2017-18
Vadodara Enviro Channel Ltd. (Erstwhile Effluent Channel Project Ltd.)	Associate	Usage of effluent channel	317.20	286.16
		Outstanding balance-Payable	22.71	1.25
Gujarat Green Revolution Company	Associate	Expenses recovered	165.30	179.92
		ICD Received	5,500.00	-
		ICD Repaid	5,500.00	-
		Interest expense on ICD	33.86	-
		Dividend Received	6.25	6.25
		Outstanding balance-Receivable	58.27	53.61
Gujarat Data Electronics Limited	Associate	-	-	-
Karnalyte Resources Inc.	Associate	Expenses recovered	85.87	9.77
		Outstanding balance-Payable	15.72	15.67
Tunisian Indian Fertilizer Company (TIFERT)	Other related party	Purchase of Material	33,545.39	25,376.85
		Expenses recovered	26.57	27.22
		Advance to vendor	7,027.18	9,648.08
		Outstanding balance-Payable	(1,357.10)	1,848.84
GSFC Education society	Other related party	Donation Granted	508.49	-
		Outstanding balance-Payable	-	-
Managing Director	Key Management Personnel	Remuneration	129.60	113.53
V D Nanavaty – ED (Finance) & Chief Financial Officer	Key Management Personnel			
V V Vachhrajani, Sr. VP (Legal) & Company Secretary	Key Management Personnel			
Gujarat Alkalies and Chemicals Limited	Other related party	Purchase of Materials	2,401.10	1,861.46
		Sale of Product	1,242.51	663.12
		Expenses recovered	6.79	8.65
		Outstanding balance-payable	112.47	88.27
		Dividend Received	107.58	82.75
		Outstanding balance-receivable	108.13	74.66
Gujarat Narmada Valley Fertilizers Company Limited	Other Related Party	Purchase of Materials	585.96	32.34
		Fees for Services	34.17	23.99
		Sale of Material	6,909.14	5,994.52
		Dividend Received	2,308.44	1,538.96
		Outstanding balance-Payable	(14.62)	(1.88)
		Outstanding balance-Receivable	26.31	179.70
Gujarat Industries Power Company Limited.	Other Related Party	Purchase of power	17,822.01	12,021.85
		Sale of power	187.47	135.07
		Dividend Received	603.79	603.79
		Expenses recovered	20.46	-
		Outstanding balance-Receivable	7.49	22.99
		Outstanding balance-Payable	8.91	26.99
Gujarat State Petroleum Corporation Ltd.	Other Related Party	Purchase of Gas	3,854.86	2,793.48
		Fees for Services	5.90	-
		Outstanding balance-payable	99.99	153.01
Indian Potash Ltd.	Other Related Party	Purchase of Material	13,556.11	8,405.10
		Dividend Received	33.75	33.75
		Outstanding balance-payable	2,228.45	1,777.72
The Fertilizer Association of India	Other Related Party	Fees for Services	19.86	16.39
		Outstanding balance-payable	-	-

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Related Party Transaction amounts shown in above table are inclusive of taxes.Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31st March,2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with key management personnel:

(₹ in lakhs)

Remuneration to key management personnel:	For the year ended	
	31-Mar-19	31-Mar-18
Short term employee benefits	117.53	102.85
Post employment benefits	6.17	5.50
Long-term employee benefits	5.90	5.18
Total	**129.60**	**113.53**

41. Segment information

For management purposes, the company is organised into business units based on its products and has two reportable segments, as follows:

1. **Fertilizer products** comprising of Urea, Ammonium Sulphate, Di-ammonium Phosphate, Ammonium Phosphate Sulphate, NPK (12:32:16), (10:26:26), traded fertilizer products etc.
2. **Industrial products** comprising of Caprolactam, Nylon-6, Nylon Filament Yarn, Nylon Chips, Melamine, Methanol, Polymer products, traded industrial products etc.

The Chief Operating Decision Maker ("CODM") evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by the two operating segments. The CODM reviews revenue and gross profit as the performance indicator for both operating segments.

(₹ in lakhs)

A] SEGMENT REVENUE:	31-Mar-19	31-Mar-18
1 TOTAL SEGMENT REVENUE		
a) Fertilizer Products	6,31,429.34	4,51,453.36
b) Industrial Products	2,17,638.00	1,79,004.00
TOTAL	8,49,067.34	6,30,457.36
2 INTER SEGMENT REVENUE	-	-
3 EXTERNAL REVENUE (1 - 2)		
a) Fertilizer Products	6,31,429.34	4,51,453.36
b) Industrial Products	2,17,638.00	1,79,004.00
TOTAL	8,49,067.34	6,30,457.36
B] RESULT:		
1 Segment result		
a) Fertilizer Products	28,984.57	30,568.41
b) Industrial Products	38,213.00	18,819.11
TOTAL	67,197.57	49,387.52

Notes to the Consolidated Financial Statements

(₹ in lakhs)

		31-Mar-19	31-Mar-18
2	a) Unallocated income	8,884.35	8,886.41
	b) Unallocated expenses	(3,086.35)	(3,846.55)
3	Operating Profit (B1 + B2)	72,995.56	54,427.38
4	Finance Cost	(6,100.94)	(5,135.23)
5	Provision for Taxation:		
	Current Income Tax	(12,560.55)	(8,528.33)
	Deferred Tax (net)	(5,481.26)	(5,069.78)
	MAT credit recognised	689.37	1,544.53
	Income Tax Previous Year written back	(228.98)	10,131.10
6	Net Profit	49,313.20	47,370.67
C]	OTHER INFORMATION:	31-Mar-19	31-Mar-18
1	Segment assets		
	a) Fertilizer Products	5,34,722.73	4,60,633.17
	b) Industrial Products	2,08,934.42	2,11,726.47
	TOTAL	7,43,657.15	6,72,359.64
2	Unallocated corporate assets	3,02,706.50	3,59,097.14
3	Total Assets	10,46,363.65	10,31,456.78
4	Segment Liabilities		
	a) Fertilizer Products	1,46,162.96	1,24,049.06
	b) Industrial Products	73,695.00	81,204.47
	TOTAL	2,19,857.96	2,05,253.53
5	Unallocated corporate liabilities	94,314.16	95,738.61
6	Total Liabilities	3,14,172.12	3,00,992.14
7	Capital Expenditure	2018-19	2017-18
	a) Fertilizer Products	6,081.20	7152.02
	b) Industrial Products	14,525.73	60923.19
	c) Corporate Capital Expenditure	5,526.70	889.75
	TOTAL	26,133.63	68,964.96
8	Depreciation and Amortisation		
	a) Fertilizer Products	7,485.52	7280.72
	b) Industrial Products	4,946.40	4466.57
	c) Unallocated corporate	193.47	197.54
	TOTAL	12,625.39	11,944.83
9	Non-Cash expenses		
	a) Fertilizer Products	6,024.31	4981.46
	b) Industrial Products	3,775.33	2949.15
	c) Unallocated non-cash expenses	44.27	309.88
	TOTAL	9,843.91	8,240.49

42. Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The carrying value of financial instruments by categories as of 31 st March, 2019 is as follows. (₹ in lakhs)

Particulars	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial assets								
Non-current investments	-	2,25,130.45	12,508.53	2,37,638.98	1,93,720.26	-	31,410.19	2,25,130.45
Other Non-current financial asset	-	-	4,419.15	4,419.15	-	-	-	-
Trade receivables	-	-	81,161.95	81,161.95	-	-	-	-
Government subsidy receivable	-	-	1,65,791.42	1,65,791.42	-	-	-	-
Cash and cash equivalents	-	-	4,082.20	4,082.20	-	-	-	-
Other bank balances	-	-	2,754.25	2,754.25	-	-	-	-
Current loans	-	-	17,463.64	17,463.64	-	-	-	-
Derivative financial instruments	9.40	-	-	9.40	-	9.40	-	9.40
Other Current financial asset	-	-	470.32	470.32	-	-	-	-
	9.40	2,25,130.45	2,88,651.46	5,13,791.31	1,93,720.26	9.40	31,410.19	2,25,139.85
Financial liabilities								
Non current borrowings	-	-	14,666.67	14,666.67	-	-	-	-
Current borrowings1	-	-	86,868.79	86,868.79	-	-	-	-
Trade payables1	-	-	1,03,866.16	1,03,866.16	-	-	-	-
Other current financial liabilities	-	-	43,601.76	43,601.76	-	-	-	-
	-	-	2,49,003.38	2,49,003.38	-	-	-	-
The carrying value of financial instruments by categories as of 31 st March, 2018 is as follows. (₹ in lakhs)								
Financial assets								
Non-current investments	-	2,68,650.08	10,300.93	2,78,951.01	2,29,907.02	-	38,743.06	2,68,650.08
Other Non-current financial asset	-	-	4,372.75	4,372.75	-	-	-	-
Trade receivables	-	-	93,500.77	93,500.77	-	-	-	-
Government subsidy receivable	-	-	1,71,878.77	1,71,878.77	-	-	-	-
Cash and cash equivalents	-	-	5,534.47	5,534.47	-	-	-	-
Other bank balances	-	-	1,445.60	1,445.60	-	-	-	-
Current loans	-	-	16,104.97	16,104.97	-	-	-	-
Derivative financial instruments	1,063.65	-		1,063.65		1,063.65		1,063.65
Other Current financial asset	-	-	757.59	757.59	-	-	-	-
	1,063.65	2,68,650.08	3,03,895.85	5,73,609.57	2,29,907.02	1,063.65	38,743.06	2,69,713.73
Financial liabilities								
Non current borrowings	-	-	20,000.00	20,000.00	-	-	-	-
Current borrowings1	-	-	84,090.00	84,090.00	-	-	-	-
Trade payables1	-	-	83,116.30	83,116.30	-	-	-	-
Other current financial liabilities	-	-	45,084.16	45,084.16	-	-	-	-
	-	-	2,32,290.46	2,32,290.46	-	-	-	-

1 - carrying value approximates to the fair value

B. Measurement of fair values & Sensitivity Analysis

i) Valuation techniques and significant unobservable inputs

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information abouthow the fair values of financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial instruments measured at fair value **(₹ in lakhs)**

Financial assets / financial liabilities	Fair Value (₹ In Lakhs) as at		Fair Value hierarchy	Valuation technique(s) and key input(s)
	31-03-2019	31-03-2018		
1) Investments in equity instruments at FVTOCI (quoted) (see note 7)	Listed equity securities in various companies engaged in fertilizer, chemicals,finance, gas, power and mining industry aggregate fair value of ₹ 193,720.26	Listed equity securities in various companies engaged in fertilizer, chemicals,finance, gas, power and mining industry aggregate fair value of ₹ 229,907.02	Level 1	Quoted bid prices in an active market

(₹ in lakhs)

Particulars	Valuation technique(s) & key input(s)	Fair Value (Rs. In Lakhs) as at		Fair Value hierarchy	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
		31-03-2019	31-03-2018			
2) Investments in equity instruments at FVTOCI (unquoted) (see note 7)	Market Approach- Comparable companies-In this approach, the value of shares / business of a company is determined based on market multiples of publicly traded comparable companies. The appropriate multiple is generally based on performance of listed companies with similar business model and size (Refer note 1 below).	Investment in companies engaged in business of storage facilities - aggregate fair value of ₹ 23,177.37	Investment in companies engaged in business of storage facilities - aggregate fair value of ₹ 18,640.00	Level 3	Market Multiple Discount ranging from 15% to 25% (As at 31.3.18 from 15% to 20%)	Increasing/Decreasing the Market Multiples by probability weighted range, would change the FV by +INR 2,599.79 lakhs & -INR 2,440.37 lakhs (As at 31.3.18 +INR 2,256.42 lakhs & -INR 2,133.79 lakhs)
		Investment in companies engaged in business of fertilizers industry - aggregate fair value of ₹ 6,242.18	Investment in companies engaged in business of fertilizers industry - aggregate fair value of ₹ 15,191.10		Discount to EV/EBITDA Multiple ranging from -0.50% to 0.50% (As at 31.3.18 Discount to Fair Value ranging from 10% to 20%)	Increasing/Decreasing the Discounting Factor by probability weighted range, would change the FV by +INR 827.89 lakhs & -INR 1,138.16 lakhs (As at 31.3.18 +INR 3,223.24 lakhs & -INR 2,964.38 lakhs)
	Income Approach- In this approach, discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee.	Investment in company engaged in fertilizer industry - aggregate fair value of ₹ NIL	Investment in company engaged in fertilizer industry - aggregate fair value of ₹ NIL	Level 3	Growth Rate ranging NIL (As at 31.3.18 NIL)	Increasing/Decreasing the Growth Rate & Discounting Factor by probability weighted range, would change the FV by NIL. (As at 31.3.18 NIL)
					Discounting Factor ranging NIL (As at 31.3.18 NIL)	
	(Refer note below).	Investment in company engaged in the business of gas marketing - aggregate fair value of ₹ 1,882.35	Investment in company engaged in the business of gas marketing - aggregate fair value of ₹ 1,886.96	Level 3		
	Note : Discounted Free Cash flow method has been used to arrive at the enterprise value of the gas marketing business of the investee. Under this technique, the projected free cash flows from gas marketing business of the company are discounted at the weighted average cost of capital to the providers of capital to the business of the company and the sum of the present value of such free cash flows would represent the value of business. The investee has various investments in subsidaries and joint venture companies. Each of these subsidiary and joint venture companies have been separately valued using market price method. DCF method, CCM method and book value (NAV) method and applied the investee's stake percentage to arrive at the fair value of investee's investment in these subsidiaries / joint venture companies. Under the market price method, the valuation is derived from the quoted market price of the share of the company as at the valuation date. Under the NAV method, the valuation is derived by calculating the net assets value of the investee as at the valuation date.					
	Cost Approach- Net Asset Value - In this approach, total value is based on the sum of net asset value as recorded on the balance sheet.A net asset methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business. (Refer note 1 and 2 below).	Investment in companies engaged in power and finance industry - aggregate fair value of ₹ 108.30	Investment in companies engaged in power and finance industry - aggregate fair value of ₹ 3,025.00	Level 3	Discount to Book Value ranging from 15% to 30% (As at 31.3.18 from 15% to 25%)	Increasing/Decreasing the Discounting Factor by probability weighted range, would change the FV by +INR 12.60 lakhs & -INR 11.93 lakhs (As at 31.3.18 +INR 194.41 lakhs & -INR 193.82 lakhs)

Note 1: The Company has invested in the equity instruments of various companies. However, the percentage of shareholding of the Company in such investee companies is very low and hence, it has not been provided with future projections including projected profit and loss account by those investee companies. Hence, the independent valuer appointed by the Company has estimated fair value based on available historical Annual Reports of such companies and other information as available in the public domain. Since the future projections are not available, discounted cashflow approach for fair value determination has not been followed.

Note 2: In case of some companies, there are no comparable companies valuations available and some are recent start up companies. In light of no information available for future projections, capacity utilisation, commencement of operations, etc., the valuation is based on cost approach.

ii) Transfers between Levels 1 and 2

There have been no transfers between Level 1 and Level 2 during 2018-19 and 2017-18.

iii) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

(₹ in lakhs)

Paticulars	Equity securities
Opening Balance (1 April 2018)	38,743.06
Net change in fair value (unrealised)	(8,532.86)
Purchases	1,200.00
Closing Balance (31 March 2019)	**31,410.20**

Transfer out of Level 3

There were no movement in level 3 in either directions during the year 2018-19 and 2017-18.

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

i. Risk

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company manages market risk through a Financial risk management committee, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Audit cum finance committee and Board of Directors. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit cum finance committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Revenue department has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the Board of Directors.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Company may have a secured claim. The Company does not otherwise require collateral in respect of trade and other receivables.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The provision matrix of ECL at the end of the reporting period is as follows.

Particulars	Expected credit loss %
Within the credit period	0.03%
1-90 days past due	0.31%
91-180 days past due	1.36%
181-270 days past due	5.19%
270-360 days past due	12.76%
360-450 days past due	25.53%
450-540 days past due	43.74%
540-630 days past due	58.17%
630-720 days past due	100.00%
More than 720 days past due	100.00%

Impairment

The ageing of trade and other receivables that were not impaired was as follows.

(₹ in lakhs)

Particulars	Carrying amount	
	March 31, 2019	March 31, 2018
Neither past due nor impaired	85,482.38	1,27,496.80
Past due 1–30 days	5,917.81	5,067.60
Past due 31–90 days	46,759.92	26,360.59
Past due 91 days and above	1,08,793.27	1,11,971.84
	2,46,953.37	2,70,896.83

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

Movement in expected credit loss allowance (₹ in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning of the year	7992.40	11,350.74
Movement in the expected credit loss allowanceon trade receivables calculated at lifetime expected credit losses Past due 31–90 days	(83.62)	(3,358.34)
	7,908.78	7,992.40

During the year 2018-19 and 2017-18, impairment provision was reduced by INR 83.62 Lakhs and INR 3,358.34 Lakhs respectively.

Cash and cash equivalents

The Company held cash and cash equivalents of Rs. 4082.20 at March 31, 2019, (Rs. 5534.47 Lacs at March 31, 2018). The cash and cash equivalents are held with approved scheduled banks.

Derivatives

The derivatives deals are done with AD category banks in OTC market and registered brokers in ETCD market.

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Financing facilities: (₹ in lakhs)

Particulars	As at 31-03-2019	As at 31-03-2018
a) Unsecured cash credit, reviewed annually		
- amount used	16,365.96	18,252.69
- amount unused	30,202.53	28,247.31
b) Secured term loan		
- amount used	20,000.00	20,000.00
- amount unused	30,000.00	30,000.00
c) Unsecured bill acceptance facility, reviewed annually		
- amount used	-	51,298.95
- amount unused	-	-
d) Unsecured commercial papers, reviewed annually		
- amount used	-	-
- amount unused	1,00,000.00	50,000.00
e) Unsecured working capital demand loan, reviewed annually		
- amount used	-	5,000.00
- amount unused	35,000.00	10,000.00
f) Unsecured Inter-Corporate Loan Facility		
- amount used	70,500.00	-
- amount unused	29,500.00	-
g) Unsecured bank overdraft facility, reviewed annually		
- amount used	2.83	9,538.36
- amount unused	14,497.17	4,961.64

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in lakhs)

March 31, 2019	Contractual cash flows					
	Carrying amount	Total	0-12 months	1-2 years	2-5 years	More than 5 years
INR						
Non-derivative financial liabilities						
Term loans from banks	20,000.00	20,000.00	5,333.33	5,333.33	9,333.34	-
Working capital loans from banks	86,868.79	86,868.79	86,868.79	-	-	-
Trade payables	1,03,866.16	1,03,866.16	1,03,866.16	-	-	-
Other current financial liabilities	38,268.43	38,268.43	38,268.43	-	-	-
Derivative financial liabilities						
Derivative contracts used for hedging	-	-	-	-	-	-
Outflow	-	-	-	-	-	-

March 31, 2018	Contractual cash flows					
	Carrying amount	Total	0-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Foreign currency term loans from banks	25,203.53	25,203.53	5,203.53	5,333.33	14,666.67	-
Working capital loans from banks	84,090.00	84,090.00	84,090.00	-	-	-
Trade payables	83,116.30	83,116.30	83,116.30	-	-	-
Other current financial liabilities	39,880.63	39,880.63	39,880.63	-	-	-
Derivative financial liabilities						
Derivative contracts	-	-	-	-	-	-
Outflow	-	-	-	-	-	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments.Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of company's investments. Thus, company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to control the financial risks associated with the Foreign Exchange/Currency rate movements through a sophisticated Foreign Exchange Risk Management System.

Currency risk

The Company is exposed to currency risk on account of its import payables and borrowings inforeign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts, Options and futures to hedge its currency risk, most with a maturity of less than one year from the reporting date.

The company is using derivative instruments which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

Notes to the Consolidated Financial Statements

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at March 31, 2019 and March 31, 2018 are as below:

(₹ in lakhs)

Particulars	March 31, 2019 INR	March 31, 2019 USD	March 31, 2019 CAD[1]	March 31, 2019 Others[1]
Financial assets				
Cash and cash equivalents	4,082.20	-	-	-
Other bank balances	2,754.25	-	-	-
Non-current investments	2,32,183.69	1,729.40	3,725.89	-
Current loans and advances	17,463.64	-	-	-
Trade and other receivables	2,46,474.80	478.57	-	-
Derivative assets	-	9.40	-	-
Other Non-Current financial assets	4,419.15	-	-	-
Other Current financial assets	470.32	-	-	-
	5,07,848.05	**2,217.37**	**3,725.89**	**-**
Financial liabilities				
Long term borrowings	14,666.67	-	-	-
Short term borrowings	86,868.79	-	-	-
Trade and other payables	55,430.93	48,307.68	15.24	112.32
Other Current financial liabilities	43,601.76	-	-	-
	2,00,568.15	**48,307.68**	**15.24**	**112.32**

(₹ in lakhs)

Particulars	March 31, 2018 INR	March 31, 2018 USD[1]	March 31, 2018 CAD[1]	March 31, 2018 Others[1]
Financial assets				
Cash and cash equivalents	5,534.47	-	-	-
Other bank balances	1,445.60	-	-	-
Non-current investments	2,74,766.65	1,664.32	2,520.04	
Current loans and advances	16,104.97	-	-	-
Trade and other receivables	2,63,923.53	1,456.01	-	-
Derivative assets	-	1,063.65	-	-
Other non current financial assets	4,372.75	-	-	-
Other Current financial assets	757.59	-	-	-
	5,66,905.56	**4,183.98**	**2,520.04**	**-**
Financial liabilities				
Long term borrowings	20,000.00	-	-	-
Short term borrowings	32,791.05	51,298.95	-	-
Trade payables	44,100.65	38,216.62	8.94	790.09
Other Current financial liabilities	39,880.63	5,203.53	-	-
	1,36,772.33	**94,719.10**	**8.94**	**790.09**

1 - The figures are in INR Equivalent of respective currency

The following significant exchange rates have been applied during the year.

INR	Year-end spot rate	
	March 31, 2019	March 31, 2018
USD 1	69.17	65.04
CAD 1	51.83	50.52

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. (₹ in lakhs)

	31-Mar-19		31-Mar-18	
Effect in INR	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
10% movement				
USD	2,324.26	(645.36)	(627.59)	(2,367.56)
CAD	372.59	(372.59)	252.00	(252.00)

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. Company has long term borrowings at variable rate of interest However, the same is hedged through interest rate swaps. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

(₹ in lakhs)

Particulars	**Nominal amount in INR**	
	March 31, 2019	**March 31, 2018**
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	20,000.00	20,000.00
Total	**20,000.00**	**20,000.00**

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Interest Rate would have affected the finance cost, equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	31-Mar-18	
Effect of Interest Rate	**Strengthening**	**Weakening**
1% movement		
Interest cost	200.00	(200.00)

Capital Management

The Company manages its capital to ensure that it will be able to continue as a Going Concern while maximising the return to stakeholders through optimisation of the Debt and Equity Balance.

Futher, the Company is also subject to externally imposed capital requirement as part of its debt covenant for Term Loan for Melamine III plant, viz maintaining minimum Net Fixed Assets Coverage Ratio (of Melamine III Plant Assets) of 1.25 times throughout the currency of the loan.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital by computing the above ratios on an annual basis and ensuring that the same is in Compliance with the requirements of the Financial Covenants.

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Net Fixed Assets (Melamine-III)	80,546.62	Not Applicable
Total Debt (Melamine-III)	20,000.00	Not Applicable
Net Fixed Asset Coverage Ratio	4.03	Not Applicable

43. Research & Development Expenses

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Capital*	20.83	88.08
Recurring**	906.34	868.87
Total	**927.17**	**956.95**
*Capital Expenses included in PPE Note No. 5	20.83	88.08
**Recurring Expenses included in		
Note No. 34 Employee Benefit expenses	895.91	851.11
Note No. 36 Other expenses	10.43	17.76

44. Corporate Social Responsibility

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Prescribed CSR expenditure @ 2%	931.02	996.34
Actual expenditure	1,101.49	1,543.78

45. Details on derivative instruments and unhedged foreign currency exposure

(I) (a) Forward exchange contracts and options (being derivative instruments), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

(i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2019

Currency	Amount (in Mn)	Cross currency
USD	4.00	Rupees
USD	(25.60)	Rupees

Note: Figures in brackets relate to the previous year

(ii) Outstanding option contracts entered into by the Company as on 31 March, 2019

Currency	Amount (in Mn)	Cross currency
USD	0.00	Rupees
USD	(40.94)	Rupees
USD	0.00	Rupees
USD	(40.94)	Rupees

Note: Figures in brackets relate to the previous year

(b) Interest rate swaps to hedge against fluctuations in interest rate changes: No. of contracts:0, Amount: USD NIL Principal (As at 31 March, 2018: No. of contracts:1, Amount: USD 8.00 Mn Principal)

(c) Currency Futures (other than forward exchange contracts stated above) which are not intended for trading or speculative purposes but for hedge purposes to hedge against fluctuations in changes in exchange rate.

Currency	Amount (in Mn)		Cross currency
USD	48.00		Rupees
USD	(68.95)		Rupees

Note: Figures in brackets relate to the previous year

(II) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise, represented in equivalent USD: USD 27.44 Mn (As at March 31, 2018: USD 12.11 Mn)

46. Leases

(i) The Company has taken various warehouses, godowns, guesthouses and office premises under operating lease or rental agreements. These are generally cancellable having a term of one year extendable for further one year on the discretion of the Company and are of rental nature. Payments are recognised in the statement of profit and loss under Note 34 - Other expenses.

(ii) Rent income includes lease rentals received towards office premises and land leased out for gas station. Such operating lease is generally for a period of three to four years. There are no restrictions imposed by lease arrangements.

47. Disclosure as per regulation 34(3) and 53(f) of Securities and Exchange Board of India (listing obligations and disclosures requirements) regulations, 2015:

Loans & Advances in the nature of loans to subsidiaries is ₹ Nil (PY: ₹ Nil)

48. Events occurring after the reporting period

Escalation of Urea Concession Rates.

Ministry of Chemical & Fertilizers vide its letter date April 23, 2019 has revised provisional concession Rates & Sales Tax for Urea on account of escalation from October 01, 2018 onwards. Hence Revenue from Operations for the FY 2018-19 has been increased by ₹ 6.94 Crores.

Being an Adjusting event, adjustment has been carried out for the above mentioned event in the financial statement.

49. Other Matters

(i) With respect to Fibre Unit and Methanol plant, the Net Realizable Value is higher compared to its carrying value as on March 31, 2019.

(ii) The figures of previous year have been regrouped or rearranged wherever necessary to conform to current year's presentation as per Schedule III (Division II) to the Companies Act 2013.

(iii) Ind As 115 : Revenue from Contracts with Customers

The Company generates revenue primarily from manufacturing of Fertilizers and Chemical Products. The Company has recognised revenue by satisfying its performance obligations at a point of time basis. The revenue from contracts with customers to the amounts disclosed as total revenue are as under:

Particulars	**As at 31st March, 2019**	**As at 31st March, 2018**
Revenue from Contract with Customers	5,92,585.34	4,63,957.36
Revenue from Subsidy from Government	2,56,482.00	1,66,500.00
Total Revenue	**8,49,067.34**	**6,30,457.36**

The disaggregation of Revenue from Contract with Customers is as under:

(A) Revenue from Contract with Customers – Segment-wise

Particulars	As at 31st March, 2019	As at 31st March, 2018
Fertilizer Products	6,31,429.34	4,51,453.36
Industrial Products	2,17,638.00	1,79,004.00
Total Revenue	**8,49,067.34**	**6,30,457.36**

(B) Revenue from Contract with Customers – Activity-wise

Particulars	As at 31st March, 2019	As at 31st March, 2018
Revenue generated from Manufacturing Activity	6,07,243.78	5,50,901.59
Revenue generated from Trading Activity	2,41,823.56	79,555.77
Total Revenue	**8,49,067.34**	**6,30,457.36**

(C) Contract Liability:

Particulars	As at 31st March, 2019	As at 31st March, 2018
Opening Balance of Contract Liability	1,165.01	1,235.97
Revenue Recognised from the opening balance of contract liability	1,165.01	1,235.97
Current year Contract liability - Carried Forward	1,551.08	1,165.01
Closing Balance of Contract Liability	1,551.08	1,165.01

The nature of services and its disclosure of timing of satisfaction of performance obligation is mentioned in para 3.1 of Note No 3.There are no contract assets in the Balance Sheet.Contract Liabilities in the Balance Sheet constitutes advance payments and billings in excess of revenue recognised. The Company expects to recognise such revenue in the next financial year.There were no significant changes in contract liabilities during the reporting period except amount as mentioned in the table and explanation given above.Under the payment terms generally applicable to the Company's revenue generating activities, prepayments are received only to a limited extent. Typically, payment is due upon or after completion of delivery of the goods.

50. Interest in other entities

a) Subsidiaries

The Company's subsidiaries at 31 March 2019 are set out below. They have share capital consisting solely of equity shares that are held directly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

Name of Entity	Place of business	% of ownership interest		Principal activities
		31 March 2019	31 March 2018	
GSFC Agrotech Limited (GATL)	India	100.00%	100.00%	Trading of Agro inputs*
Gujarat Arogya Seva Pvt. Ltd.	India	50.94%	50.94%	Trading of generic medicines

b) Associates

Set out below are the associates of the Company as at 31 March 2019 which, in the opinion of the directors, are material to the Company. The entities listed below have share capital consisting solely of equity shares, which are held directly by the Company. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

(₹ in Lakhs)

Name of Entity	Place of business	% of ownership interest	Relationship	Accounting method	Carrying Amount	
					31 March 2019	31 March 2018
Vadodara Enviro Channel Limited (note 1)	India	28.57%	Associate	Equity Method	175.15	260.93
Gujarat Green Revolution Company Limited (note 2)	India	46.87%	Associate	Equity Method	6,878.09	5,855.64
Karnalyte Resources Inc (note 3)	Canada	38.73%	Associate	Equity Method	3,725.88	2,520.04
Total equity accounted investments					**10,779.12**	**8,636.61**

Name of Entity	Place of business	% of ownership interest	Relationship	Accounting method	Quoted fair values	
					31 March 2019	31 March 2018
Vadodara Enviro Channel Limited (note 1)	India	28.57%	Associate	Equity Method	*	*
Gujarat Green Revolution Company Limited (note 2)	India	46.87%	Associate	Equity Method	*	*
Karnalyte Resources Inc (note 3)	Canada	38.73%	Associate	Equity Method	1,778.62	1,252.19
Total equity accounted investments					**1,778.62**	**1,252.19**

* Unlisted entity - no quoted price available

1 Vadodara Enviro Channel Limited was formed to administer the safe disposal of treated wastewater through Effluent Channel Project.

2 Gujarat Green Revolution Company Limited (GGRCL) is appointed as a nodal agency by Government of Gujarat, for passing on the subsidy received from the State and the Central Government for installation of Micro Irrigation System (MIS) to farmers in the State of Gujarat.

3 Karnalyte Resources Inc is engaged in development of its property and planned construction of a production facility and development of a potash mine.

Commitments and contingent liabilities in respect of associates

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Commitments - associates	-	-
Contingent liabilities - associates	3,349.41	4,815.48
Total commitments and contingent liabilities	**3,349.41**	**4,815.48**

Summarised financial information for associate

The tables below provide summarised financial information for those associates that are material to the Company. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Company's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

(₹ in Lakhs)

Particulars	31 March 2019			31 March 2018		
	KRI	VECL	GGRCL	KRI	VECL	GGRCL
Total current assets	5220.36	2,785.88	56,330.02	6066.96	3,258.34	37,226.49
Total non-current assets	2994.40	3,148.77	1,759.16	2944.57	2,934.50	1,475.04
Total current liabilities	314.22	465.60	43,343.81	307.14	483.10	25,777.07
Total non-current liabilities	921.39	951.51	38.77	91.94	830.71	48.90
Adjustment-Member' Capital Contribution & Capital Reserve	-	3,904.57	-	-	3,904.57	-
Net Assets	**6,979.14**	**612.97**	**14,706.60**	**8,612.46**	**974.46**	**12,875.57**

Reconciliation to carrying amounts (₹ in Lakhs)

Particulars	31 March 2019			31 March 2018		
	KRI	VECL	GGRCL	KRI	VECL	GGRCL
Net assets	6,979.14	612.97	14,706.60	8,612.46	974.46	12,875.57
Company's Share in %	38.73%	28.57%	46.87%	21.50%	28.57%	46.87%
Company's Share in INR	2,703.06	175.13	6,893.19	1,851.68	278.40	6,034.96
Goodwill/Capital Reserve	1,018.66	-	-	734.17	(17.48)	(164.22)
Adjustment	4.16	-	(15.10)	(65.81)	-	(15.10)
Carrying amount	**3,725.88**	**175.15**	**6,878.09**	**2,520.04**	**260.92**	**5,855.64**

Summarised statement of profit and loss for the year ended on 31 March 2019 (₹ in Lakhs)

Particulars	31 March 2019			31 March 2018		
	KRI	VECL	GGRCL	KRI	VECL	GGRCL
Revenue	-	1,323.71	3,538.48	-	1,305.42	1,203.51
Profit for the year	(3,293.21)	(362.72)	1,687.52	(2,087.82)	(160.16)	1,106.88
Other comprehensive income	-	-	4.81	-	-	-
Total comprehensive income	**(3,293.21)**	**(362.72)**	**1,692.33**	**(2,087.82)**	**(160.16)**	**1,106.88**
Dividend received	-	-	6.25	-	-	6.25

51. ADDITIONAL INFORMATION REQUIRED BY SCHEDULE III

(₹ in Lakhs)

Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated net profit/ (loss)	Amount	As % of consolidated OCI	Amount	As % of consolidated TCI	Amount
Parent								
Gujarat State Fertilisers and Chemicals Limited								
31 March 2019	98.22%	7,19,069.09	98.68%	48,664.00	100.00%	(38,210.56)	94.13%	10,453.45
31 March 2018	98.61%	7,20,208.72	98.34%	46,592.45	100.00%	31,656.75	99.00%	78,249.20
Subsidiaries								
Indian								
GSFC Agrotech Limited								
31 March 2019	0.29%	2,091.06	1.31%	647.19	0.00%	-	5.83%	647.19
31 March 2018	0.21%	1,501.73	1.69%	798.66	0.00%	-	1.01%	798.66
Gujarat Arogya Seva Pvt. Ltd.								
31 March 2019	0.03%	252.28	0.00%	(0.20)	0.00%	-	0.00%	(0.20)
31 March 2018	0.03%	117.59	-0.03%	(12.41)	0.00%	-	-0.02%	(12.41)
Non Controling Interest in above subsidiaries								
31 March 2019	-0.02%	(123.71)	0.00%	0.10	0.00%	-	0.00%	0.10
31 March 2018	-0.02%	(123.91)	0.01%	6.09	0.00%	-	0.01%	6.09
Associates (Investments as per the equity method)								
Indian								
Vadodara Enviro Channel Limited								
31 March 2019	0.02%	175.15	-0.21%	(103.28)	0.00%	-	-0.93%	(103.28)
31 March 2018	0.04%	260.93	-0.10%	(45.22)	0.00%	-	-0.06%	(45.22)
Gujarat Green Revolution Company Limited								
31 March 2019	0.94%	6,878.09	1.81%	855.98	0.00%	2.25	7.73%	858.23
31 March 2018	0.80%	5,855.64	1.01%	478.92	0.00%	-	0.61%	478.92
Foreign								
Karnalyte Resources Inc.								
31 March 2019	0.51%	3,725.88	-1.58%	(750.50)	0.00%	-	-6.76%	(750.50)
31 March 2018	0.35%	2,520.04	-0.93%	(441.73)	0.00%	-	-0.56%	(441.73)
Total								
31 March 2019	100.00%	7,32,067.83	100.00%	49,313.29	100.00%	(38,208.30)	100.00%	11,104.99
31 March 2018	100.00%	7,30,340.73	100.00%	47,376.75	100.00%	31,656.75	100.00%	79,033.50

Signatures to Notes 1 to 51 forming the part of the Financial Statements.

In terms of our report attached

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

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
22nd May, 2019

Sujit Gulati
Managing Director

D. C. Anjaria
Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

Gandhinagar
22nd May, 2019

ANNEXURE "A" TO THE CONSOLIDATED FINANCIAL STATEMENT

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

			Amount in ₹
1	Serial No.	1	2
2	Name of the subsidiary	GSFC Agrotech Limited	Gujarat Arogya Seva Pvt. Ltd.
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not Applicable	Not Applicable
5	Share capital (as on 31.03.2019)	4,80,00,000	2,65,00,000
6	Reserves & surplus (as on 31.03.2019)	16,11,07,204	(12,71,932)
7	Total assets (as on 31.03.2019)	2,25,13,11,389	2,53,10,428
8	Total Liabilities (as on 31.03.2019)	2,04,22,04,185	82,360
9	Investments (as on 31.03.2019)	1,35,00,000	Nil
10	Turnover (FY 2018-19)	4,18,00,97,767	Nil
11	Profit before taxation (FY 2018-19)	8,97,45,255	(20,130)
12	Provision for taxation (FY 2018-19)	2,50,26,386	5,74,522
13	Profit after taxation (FY 2018-19)	6,47,18,869	(5,94,652)
14	Proposed Dividend (FY 2018-19)	Nil	Nil
15	% of shareholding (as on 31.03.2019)	100% (with nominees)	50.94%

	Notes: The following information shall be furnished at the end of the statement:	
1	Names of subsidiaries which are yet to commence operations	None
2	Names of subsidiaries which have been liquidated or sold during the year.	None

In terms of our report attached

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

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
22nd May, 2019

Sujit Gulati
Managing Director

D. C. Anjaria
Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

Gandhinagar
22nd May, 2019

ANNEXURE "A" TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

	Name of Associates	Gujarat Green Revolution Limited	Vadodara Enviro Channel Limited	Gujarat Data Electronics Limited	Karnalyte Resources Inc.
1	**Latest audited Balance Sheet Date**	31st March, 2018	31st March, 2018	Not available	31st December,2018
2	**Shares of Associates held by the company on the year end**				
	No.	12,50,000	14,302	1,15,000	1,63,34,558
	Amount of Investment in Associates (₹)	1,25,00,000	20	11,50,000	2,47,06,38,160
	Extend of Holding %	46.87%	28.57%	23.00%	38.73%
3	**Description of how there is significant influence**	Holding more than 20% of the total capital	Holding more than 20% of the total capital	Holding more than 20% of the total capital	Holding more than 20% of the total capital
4	**Reason why the associate is not consolidated**	Not Applicable	Not Applicable	Financial statements are not available and 100% provision for diminution in value of investment has been accounted in the books of GSFC Ltd.	Not Applicable
5	**(i) Networth attributable to Shareholding as per latest audited Balance Sheet**	61,02,22,989	2,78,76,906	Not available	28,74,30,800
	(ii) Networth attributable to Shareholding as per unaudited Balance sheet as on 31/03/2018 (₹)	68,93,19,415	1,75,13,458	Not available	27,03,01,025
6	**Unaudited Profit / Loss for the FY 2018-19 (₹)**	16,87,51,909	(3,62,72,068)	Not available	(32,93,21,391)
	i. Considered in Consolidation (₹)	16,87,51,909	(3,62,72,068)	Not available	(32,93,21,391)
	ii. Not Considered in Consolidation (₹)	-	-	Not available	-

1. Names of associates or joint ventures which are yet to commence operations.	None
2. Names of associates or joint ventures which have been liquidated or sold during the year.	None

In terms of our report attached

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

Brijesh Thakkar
Partner
Membership No: 135556

Gandhinagar
22nd May, 2019

Sujit Gulati
Managing Director

D. C. Anjaria
Director

V. D. Nanavaty
ED (Finance) & CFO

V. V. Vachhrajani
Company Secretary

Gandhinagar
22nd May, 2019

FOR MEMBERS' ATTENTION

To
Registered Shareholder / Joint Shareholder
Gujarat State Fertilizers & Chemicals Limited

Sub : Compulsory updating KYC details of shareholder/s holding shares in physical mode.

Dear Shareholder,

This has reference to SEBI Circular No. SEBI/HO/MIRSD/DOP1/2018/73 dated 20th April, 2018 & BSE Circular No. LIST/COMP/15/2018-19 dated 5th July 2018 by which all listed companies are directed to record the PAN, Bank Accounts details of all the shareholders/joint shareholders and also advise shareholders to dematerialize securities held in physical format.

Thereafter, SEBI vide Circular No. SEBI/HO/MIRSD/DOS3/CIR/P/2018/115 dated 16th July 2018 clarified that the timeline for sending the initial letter by Registered/Speed Post to physical shareholders has been extended to September 30, 2018 to enable companies to send the initial letter along with Annual Reports/notice of Annual General Meeting. Further, SEBI clarified that subsequently, two reminders may be sent by other modes including ordinary post / courier.

Accordingly, your Company "Gujarat State Fertilizers & Chemicals Limited" through its Registrar & Transfer Agent (RTA) M/s. Link Intime India Private Limited has initiated steps for registering PAN details (including joint shareholder, if any) and the Bank Account details of the shareholders holding shares in physical mode.

In order to serve you better and in adherence to aforesaid Regulatory Guidelines, we request all the shareholders holding shares in physical mode to provide details of your Bank Account, PAN Card (including all joint holders, if any), Phone No./Mobile No. and Email ID in the format as printed on page No. 196 immediately for enabling us to remit your dividend amount directly in your Bank Account.

Further SEBI (LODR) (4th Amendment) Regulations, 2018 has notified vide its Notification No.SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018 that on and from 6th December, 2018 except in case of transmission or transposition of securities, requests for effecting the transfer of securities shall not be processed unless the securities are held in dematerialized form with the Depository. Hence all the shareholders holding shares in physical form are hereby requested to get their physical shares dematerialized.

Thanking you,

Yours faithfully,
For Gujarat State Fertilizers & Chemicals Limited

CS V V Vachhrajani
Company Secretary &
Sr. Vice President (Legal & GST)

FOR MEMBERS' ATTENTION

KYC Form

To
The Company Secretary
Gujarat State Fertilizers & Chemicals Limited.,
Fertilizernagar
Vadodara – 391 750

Sub : Updating the KYC Details of the registered and/or joint holders holding shares in physical mode.

Dear Sir/Madam,

I/We, provide hereunder our Bank Account details, PAN No., Phone No./Mobile No., E-mail ID etc as required in pursuance of guidelines issued by SEBI vide its Circular dated 20th April, 2018.

I/We hereby authorise the Company to credit my/our Dividend on the shares held by me/us under the aforesaid Folio No. directly to my/our Bank Account through National Electronic Clearing System NECS/NACH/NEFT/RTGS. In absence of NECS facility, please print my Bank Account details on the Dividend Warrant/Demand Draft/Banker's Cheque that may be issued/sent to me/us.

Folio No.				
Name of the Bank in Full				
Branch Name				
9 Digit **MICR Code** and 11 Digit **IFSC Code** as appearing on the Cheque leaf.	**MICR Code :**		**IFSC Code :**	
Type of Account with Code (Pl. tick)	**Savings**	**Current**	**NRO**	**NRE**
Bank A/C No. as appearing on the Cheque leaf.				
Email id of Shareholder				
Address of Shareholder				
Mobile No. of Shareholder				

	Name	PAN	Signature (as per specimen registered with the Company/ RTA)
First Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Note : Please enclose **original cancelled Cheque leaf/copy of Bank Passbook & self-attested copy of PANCARD (including all joint holders, if any)** for verification details.

Date :

Place :

GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

(CIN : L99999GJ1962PLC001121)

ATTENDANCE CARD

I/We

Folio No.	
D.P. I.D.	
Client I.D.	

hereby record my/our presence at the 57TH ANNUAL GENERAL MEETING of the Company held at **Cultural Centre Auditorium** situate at its Registered Office at **Fertilizernagar, District Vadodara, at 3.30 p.m. on Friday, the 27th September, 2019.**

Signature of the member/proxy/representative attending the meeting ________________________________

Notes : (i) Please handover this Attendance Card at the entrance to the place of meeting.

(ii) Only Members and in their absence, duly appointed proxies will be allowed for the meeting. Please avoid bringing non-members/children to the meeting.

GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

(CIN : L99999GJ1962PLC001121)

Registered Office: Fertilizernagar - 391 750, Dist. Vadodara.

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

57TH ANNUAL GENERAL MEETING

Friday, September 27, 2019 at 3.30 p.m.

FORM NO. MGT - 11

PROXY FORM

[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration)Rules, 2014.]

Name(s) of Shareholder(s): ______________________ Registered Address: ______________________

______________________ Email ID: ______________________ Folio No. / DP ID / Client ID: ______________________

I / We, being the Member(s) holding __________ equity shares of the above named Company, hereby appoint the following as my / our proxy to attend and vote (on a poll) for me/us and on my /our behalf at the 57th Annual General Meeting of the Company, to be held on Friday, the 27th September, 2019 at 3.30 pm at the Registered Office of the Company at Cultural Centre Auditorium, Fertilizernagar - 391 750 and at any adjournment thereof in respect of such resolutions as are indicated below:

(1) Name ______________________ Address ______________________

E-mail ID: ______________________ Signature ______________________ or failing him/her

(2) Name ______________________ Address ______________________

E-mail ID: ______________________ Signature ______________________ or failing him/her

(3) Name ______________________ Address ______________________

E-mail ID: ______________________ Signature ______________________

Resolution No.	Resolutions	Optional*	
		For	Against
Ordinary Business			
1.	To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2019 and the Reports of the Board of Directors and the Auditors thereon.		
2.	Declaration of Dividend on equity shares for the Financial Year ended on 31st March, 2019.		
3.	To appoint a Director in place of Shri Arvind Agarwal, IAS (DIN 00122921), who retires by rotation and being eligible, offers himself for re-appointment.		
4.	To consider re-appointment of Auditors and fix their remuneration.		
Special Business			
5.	To approve continuation of Appointment of Shri Vijai Kapoor as Independent Director.		
6.	To approve the remuneration of the Cost Auditors for the Financial Year ending 31st March, 2020.		

Signed this ______________ day of ______________ 2019

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

Signature of shareholder(s)______________________

Signature of Proxy holder(s)______________________

Affix Revenue Stamp Re. 1/-

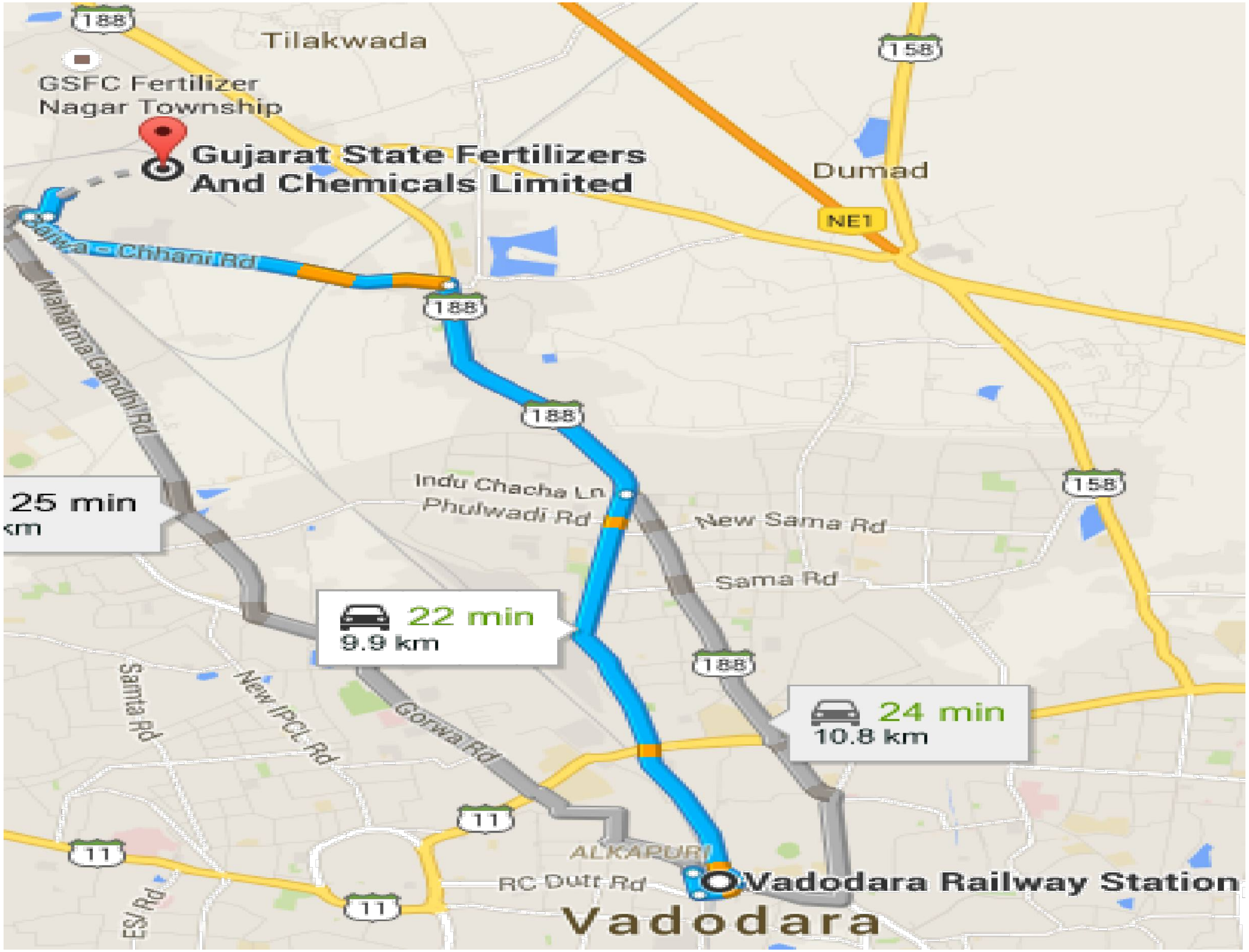
Note: 1. This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than forty eight (48) hours before the commencement of the Meeting.

2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 57th Annual General Meeting.

*3. It is optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/ she thinks appropriate.

4. Please complete all details including details of member(s) in above box before submission.

ROUTE MAP OF VENUE OF 57TH ANNUAL GENERAL MEETING



NOTES

NOTES

Driving Tomorrow with R&D

Through continuous Research and Development, we are bringing to life new processes and products. Our initiatives have brought very unique results. Some of them are as below

1. **Ammonium Sulphate Granules:** Developed a Process for manufacturing of Ammonium Sulphate (FCO Grade) in granular form for ease of application and safe usage. The process is innovative and first of its kind in India and hence the patent is filed for the same.
2. **Hexamethoxy Methyl Melamine (HMMM) Resin:** Developed a process for manufacturing of Resin by using melamine as a raw material. This product can be a major import substitute for rubber, tyre cord and conveyor belt industries. It can also be blended with silica to obtain grade-specific applications.
3. **SAG GOLD:** Developed a modified version of SAG with the addition of Micronutrients like Fe, Mn, Cu, Zn and B with Cereal Protein Hydrolase, as per Government of India approved G-5 Micronutrient mixture for Indian soil and process for manufacture of SAG GOLD is filed for patent
4. **Zeolite based Biofertilizer:** Developed a Zeolite based biofertilizer with mycorrhiza and soil fungi that allow plants to draw more nutrients and water from the soil. It also increases the plant's tolerance to different environmental stresses, protects plant roots and stimulates the microbial activity.

Agriculture Diversification Project (ADP), Empowering Tribal Farmers

Agriculture Diversification Project (ADP) is being executed by DSAG TDD, Government of Gujarat, Gandhinagar every year to encourage farmers to make use of resources in a best possible way and shift from less profitable to more profitable and sustainable cropping system leading ultimately to increase in income especially for small and tribal farmers. The project involves the distribution of Seeds (Maize and Vegetable), fertilisers along with pre and post-harvest training to beneficiary farmers in 14 Districts of Gujarat. For the year 2019-20, Crops like Bajra and Ragi have been also included in the distribution Kit. Details of Farmers covered, Fertilisers & Seed distributed and project cost is as follows:

Particulars	2017-18	2018-19	2019-20	Total
Total No of Beneficiaries Covered	121686	91019	78053	290758
Fertilizers Qty-MT	17934	13198	11318	42450
Seed Qty-MT	796	490	380	1667
Project Value Rs Cr	41.00	38.00	35.00	115.00

GSFC University – The Home of Future Ready Professionals

GSFC University, which started as our CSR Initiative in the year 2014-15, is pioneer in educating youth through internships and intensive industrial exposure. The University focuses on the industry's demands while designing the curriculum of the programmes. With intense internships after every semester, GSFC University is striving to bring a change in the Indian higher education scenario.

With a model inspired by medical colleges, the institute emphasises on hands-on and practical learning for engineering, science and even management programmes. Besides, to sharpen leadership and entrepreneurial qualities in the students, the university has created GSFC University Incubation Innovation Technology Applied Research Centre, also known as GUIITAR. Moreover, University has setup Executive Development Centre (EDC) which is separate vertical of the University. Its mandate is to provide technical training-related support to the industry. It offers specialized training programmes for executives, management and graduate engineer trainees; officers and non-management personnel of industries; large-scale employers; and potential entrepreneurs and self-employed professionals.

Value-adding to

Farmer's Prosperity

Agrinet Call Center

We have been operating the "Agrinet Call Centre" since 2006 to educate farmers about new technologies and empower them in resolving daily problems in farming trough Agriculture experts. The call centre offers services in Hindi, Gujarati and Marathi. The timings of the call centre are from 8:00 AM to 8:00 PM every day except national holidays. The efficacy of this initiative can be gauged by the fact that on an average, around 100-150 calls per day are received by the call centre. In addition to inbound calls, outbound calls are also started for farmer feedback surveys. It is also being used as a channel for getting feedback about our services like Krishi Jivan and creating awareness about various schemes launched from time to time for fertilizers and Agro products.

Sardar Prime Delivery (D2D)

We endeavour to extend the best agronomical services to the farmers. As a result of this, first time in indian fertilizers industry we have started free doorstep delivery of fertilizers, it is known as "D2D Delivery". This initiative helps us deliver multiple fertilizers to farmers on a priority basis. This service is available in districts like Vadodara, Kheda, Dahod, Botad, SabarKantha, Aravalli, Narmada and Chhota Udepur.

Seeds

GATL, a wholly owned subsidiary of GSFC, has registered 4 New High Yielding hybrids of Maize and Bajra Seed for Gujarat State and started seed production of those hybrids. Hybrid Seeds of these crops will be available from Kharif-19. To expand its seed business horizon in other states GATL has also tied up with Uttarakhand Seeds & Tarai Development Corporation Ltd. for sale of Pantnagar Brand of wheat seed. GATL has also inked strategic alliance with world's top MNC Corteva AgriScience for co-marketing and supply of Brevent Brand of Seeds in Gujarat State.

Krishijivan

Krishi Jivan is a monthly magazine published by GSFC in the Gujarati language since 1968 with a circulation base of 50,000 copies and Hindi language every quarter. It is an informative magazine on Agriculture that covers a wide range of issues on plant and animal farming, agri-governance, business, retail, technology, equipment, machines, agri-traders and farmers. Recently we have revamped the content and overall appearance of the magazine with an aim to expand our subscriber base to 1 lakh.

Soil & Water Testing Laboratory - Value-adding to Our Growth

GSFC is providing Soil & Irrigation Water samples testing services since 1969 to the farmers of Gujarat. However from 2001 onwards GSFC has also created testing facilities for Micronutrients & sulfur from the soil. GSFC is operating One Mobile Soil Testing & Audio-visual Van in Gujarat, in which Testing services for Soil (NPK, pH & EC) and Irrigation Water are provided at the door step of farmers. Based on sample tested, "Soil Atlas" of Gujarat was published. We are also the part of Soil Health Card Mission of GOI. Recently, to increase present analysis capacity up to 1 lakh samples/annum, a high throughput machine ICP-OES (Inductively coupled plasma-Optical Emission Spectrometer) has been installed in Soil Testing Laboratory. We have also started to recommend new age fertilizers in our soil testing report.

GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED
Fertilizernagar - 391 750, Vadodara, Gujarat. www.gsfclimited.com
CIN : L99999GJ1962PLC001121