



**Gujarat Narmada Valley  
Fertilizers & Chemicals Limited**

CIN : L24110GJ1976PLC002903

An ISO 9001, ISO 14001, ISO 45001 & ISO 50001 Certified Company

P.O. Narmadanagar - 392015, Dist. Bharuch, Gujarat, India  
Ph. (02642) 247001, 247002 Website: www.gnfc.in

No. SEC/BD/SE/AR  
28<sup>th</sup> August, 2023

Dy General Manager  
BSE Ltd.  
Corporate Relationship Dept  
1st Floor, New Trading Ring,  
Rotunda Bldg  
PJ Towers, Dalal Street, Fort  
Mumbai-400 001

FAX NO. 02642 - 247084  
E-mail : [acshah@gnfc.in](mailto:acshah@gnfc.in)

The Manager  
Listing Department  
National Stock Exchange of India Ltd.  
Exchange Plaza,  
C-1, Block - "G",  
Bandra-Kurla Complex, Bandra (E)  
Mumbai – 400 051

Scrip Code - BSE - "500670"

Scrip Code - NSE - "GNFC EQ"

**Sub.: Annual Report together with Notice of 47<sup>th</sup> Annual General Meeting of the Company for the Financial Year 2022-23 Compliance under Regulation 30 & 34 of SEBI (LODR) Regulations, 2015.**

Dear Sir,

This is further to our letter dated 23<sup>rd</sup> August, 2023 where in the Company had informed that the 47<sup>th</sup> Annual General Meeting ("AGM") of the Company is scheduled to be held on Tuesday, 26<sup>th</sup> September, 2023 at 3:00 P.M. through Video Conference ("VC")/ Other Audio – Visual Means ("OAVM"), in accordance, with the relevant circulars issued by the Ministry of Corporate Affairs ("MCA") and the Securities and Exchange Board of India ("SEBI"). The deemed venue for the 47<sup>th</sup> AGM will be the Registered Office of the Company at P.O. Narmadanagar – 392 015, District: Bharuch.

Pursuant to Regulation 30 read with Para A of PART-A of Schedule-III & Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report for the Financial Year 2022-23 of the Company including the Business Responsibility and Sustainability Report and the Notice of the 47<sup>th</sup> AGM of the Company, which is being sent through email to all the Shareholders of the Company whose email ids are registered with the Company's RTA or Depository Participants.

The Annual Report for the FY 2022-23 together with Notice of 47<sup>th</sup> AGM is also available on the Website of the Company [www.gnfc.in](http://www.gnfc.in) and also on the Website of Company's RTA M/s. Kfin Technologies Limited at <https://evoting.kfintech.com>.

We request you to kindly take the above information on record.

Thanking you,

Yours faithfully,

For GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED

CS A C SHAH  
COMPANY SECRETARY & GM (LEGAL)



Leading. Transforming. Growing.



47<sup>th</sup> Annual Report 2022-2023

# Corporate Information

## BOARD OF DIRECTORS

(As on 17-08-2023)

Shri Raj Kumar, IAS, Chairman (w.e.f. 01.08.2023)  
Shri Vipul Mittra, IAS, Chairman (up to 31.07.2023)  
Shri Mukesh Puri, IAS  
Shri J P Gupta, IAS  
Smt. Mamta Verma, IAS  
Smt. Gauri Kumar, IAS (Retd.)  
Prof. Ranjan Kumar Ghosh  
Shri Bhadresh Mehta  
Dr. N Ravichandran  
Prof. Piyushkumar Sinha  
Shri Pankaj Joshi, IAS, Managing Director



**Company Secretary & General Manager (Legal)**  
Shri A. C. Shah

**Chief Financial Officer & Executive Director**  
Shri D. V. Parikh

**Statutory Auditors**  
M/s Suresh Surana & Associates LLP  
Mumbai

**Cost Auditors**  
Shri R. K. Patel  
Vadodara

**Secretarial Auditors**  
Shri J. J. Gandhi  
Practicing Company Secretary

**Registrar and Share Transfer Agent**  
M/s KFin Technologies Limited  
Hyderabad

**Registered Office**  
P.O. Narmadanagar – 392015, Dist.: Bharuch, Gujarat, India  
Website: [www.gnfc.in](http://www.gnfc.in)

### 47<sup>th</sup> Annual General Meeting

Date : 26<sup>th</sup> September, 2023  
Day : Tuesday  
Time : 3:00 P.M.  
Venue : The AGM will be conducted through VC/OAVM, pursuant to the circulars issued by the MCA and the SEBI, from time to time.

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# Fertilizers to Future



## ***About GNFC***

Established in 1976, Gujarat Narmada Valley Fertilizers and Chemicals Ltd (GNFC) stands as a remarkable joint-sector enterprise promoted by the Government of Gujarat and the Gujarat State Fertilizers and Chemicals Ltd (GSFC). Strategically located in Bharuch, a thriving industrial region of Gujarat, GNFC maximizes the region's abundant natural resources and industrial reserves to manufacture a diverse range of fertilizers, chemicals, and more. From its inception, GNFC has embraced a steadfast commitment to environmental stewardship and a forward-thinking vision.

GNFC commenced its manufacturing and marketing operations in 1982 with the establishment of an extraordinary single-stream ammonia-urea fertilizer complex, ranking among the world's largest. In subsequent years, GNFC achieved the successful implementation of numerous projects spanning diverse sectors such as chemicals, fertilizers, and electronics.

Today, GNFC has transcended its roots in fertilizers through progressive horizontal integration. Bold and ambitious additions to its corporate portfolio encompass chemicals/petrochemicals, the energy sector, electronics/telecommunications, and information technology.

With an enterprising and strategic mindset, GNFC continually seeks expansion and diversification. From chemical to fertilizer production, from pioneering the Neem Project to venturing into IT projects, GNFC excels in delivering a comprehensive range of services through various channels. Nevertheless, the company remains steadfast in its core values and unwavering dedication to national progress, mirroring the revered 'Mother Narmada River.'


## VISION

To be technology driven, environmentally responsible Joint Sector Company manufacturing Fertilizers, Commodity and Speciality Chemicals maintaining highest standards of operational excellence and innovation for creating sustainable value for all stakeholders.

## MISSION

We Shall

- Be the leading provider of Chemicals and Agricultural inputs through adoption of State of the Art Technologies and Business Processes;
- Have a firm commitment to quality, environment, health and safety;
- Enrich human resources and promote teamwork, innovativeness and integrity;
- Achieve sustainable economic growth based on corporate excellence driven by ethical business practices, professionalism, dynamism and social responsibility.
- There is more to GNFC than meets the eye - and fertilizers are only a part of the Company's growing sphere of activities.
- In fact, industrial chemicals have been the dominant driver of growth of for the company in recent times. GNFC is also making a foray into the arena of e-security for potential future growth in the InfoTech sector.
- As part of an evolved strategic thrust, the focus is on consolidating and driving growth through core competencies, absorbing technologies from the world's leading technology providers and latching on to business areas with high potential.
- A business outlook that is fresh, dynamic has always been part of the GNFC culture. So expect something new every time.



Headquartered in Bharuch, Gujarat and having strategically located manufacturing locations in Bharuch (Gujarat) and Dahej (Gujarat).

# Key Business Segments as Growth Catalysts

GNFC, a leader and pioneer in the fertilizers and chemicals business. With a strong focus on quality, innovation, and sustainability, we have been at the forefront of revolutionizing the agricultural sector and chemical industries. Our commitment to excellence extends beyond these realms, as we also offer transformative IT solutions for a digital future.



## Fertilizers

### Leading the Way in Fertilizers with Unmatched Expertise

GNFC has cemented its position as a pioneer and leader in the fertilizers industry. With the establishment of our state-of-the-art Single-stream Ammonia Urea Plant, we have become one of the largest manufacturers and marketers of Urea and Ammonium Nitro phosphate under our esteemed brand 'NARMADA'. Our commitment to excellence, quality, and sustainable agriculture has propelled us to the forefront of the fertilizers sector.

By manufacturing quality fertilizers, we have made significant contributions to improving the lives of farmers and bolstering agricultural productivity in our nation. Our fertilizers segment plays a crucial role in enhancing crop yields, ensuring food security, and promoting sustainable farming practices. Through our continuous efforts, we strive to empower farmers and enable our nation to produce more, fostering growth and prosperity in the agricultural sector.



## Chemicals

### Shaping the Chemicals Industry with Innovation

In the realm of chemicals, GNFC has emerged as a trailblazer, setting up cutting-edge Chemical and Petrochemical Plants. Our diverse portfolio includes the production of Methanol, Formic Acid, Toluene Di-isocyanate, Technical Grade Urea, Weak Nitric Acid, Aniline, Concentrated Nitric Acid, Acetic Acid, Ethyl Acetate, and Ammonium Nitrate. Notably, GNFC stands as the sole producer of Acetic Acid and one of the two producers of Formic Acid in India. Additionally, our Aniline plant is the largest single-stream facility in the country. We take pride in being the exclusive manufacturer of Toluene Di-Isocyanate in South East

Asia and the Indian Sub-Continent, showcasing our commitment to innovation and superior production capabilities. In the chemicals segment, we serve as a catalyst for the growth of chemical industries. Our cutting-edge manufacturing facilities produce a diverse range of industrial chemicals that are integral to various sectors. From plastics to pharmaceuticals, our chemicals segment fuels innovation and drives progress, supporting the development of key industries and fostering economic growth.



# Information Technology

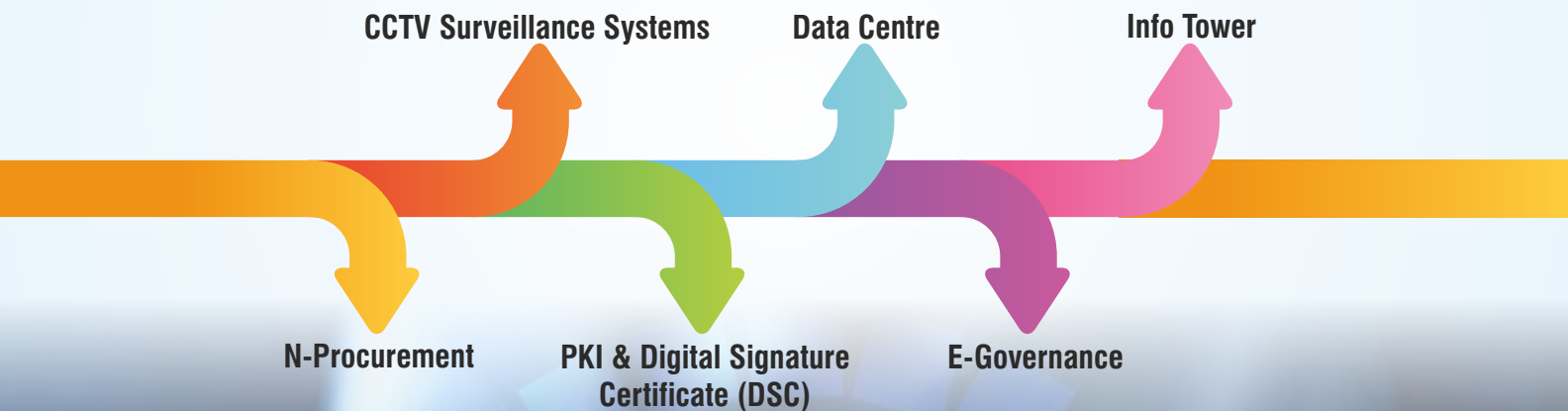
## Nurturing Digital Transformation with Cutting-Edge IT Solutions

GNFC's Information Technology division, (n)Code Solutions, is spearheading a major initiative in the Internet security domain. We have established a world-class PKI facility, enabling us to offer Digital Signature Certificates and a wide range of PKI-based solutions. Our Digital Certificates seamlessly integrate with various applications, including emails, workflow systems, enterprise-wide applications, and secure VPNs. These certificates serve individuals, corporations, and governments, securing online B2B/B2C applications and other transactions. Moreover, GNFC's IT division provides a comprehensive suite of value-added services, covering System Integration, Smart Cities Implementation, e-Auction, e-Procurement, Blockchain,



Education Domain, e-Governance, Data Centre and Cloud services, and CCTV Surveillance Systems. Our commitment to innovation and excellence enables us to deliver transformative IT solutions for a digital future.

In the realm of Information Technology solutions, our dedication to innovation and excellence sets us apart. We leverage the power of technology to deliver transformative IT solutions that empower businesses, organizations, and governments. Through our comprehensive range of services, we enable our clients to navigate the digital landscape, embrace the opportunities of the digital age, and achieve their goals with efficiency and effectiveness.

### (n)Code Solutions – An IT wing of GNFC Key Business Verticals



## Major plants & Installed Capacities

|   | Plants                              | Installed Capacity (KTPA) |
|---|-------------------------------------|---------------------------|
| <br><b>FERTILIZERS</b> | Urea                                | 637                       |
|   | Ammonium Nitro-Phosphate            | 143                       |
| <br><b>CHEMICALS</b>   | Ammonia                             | 446                       |
|   | Weak Nitric Acid (2 plants)         | 348                       |
|   | Methanol (3 plants)                 | 269                       |
|   | Concentrated Nitric Acid-(3 plants) | 116                       |
|   | Acetic Acid                         | 100                       |
|   | Toluene Di-Isocyanate (2 plants)    | 64                        |
|   | Ethyl Acetate                       | 50                        |
|   | Aniline                             | 35                        |
|   | Formic Acid                         | 27                        |

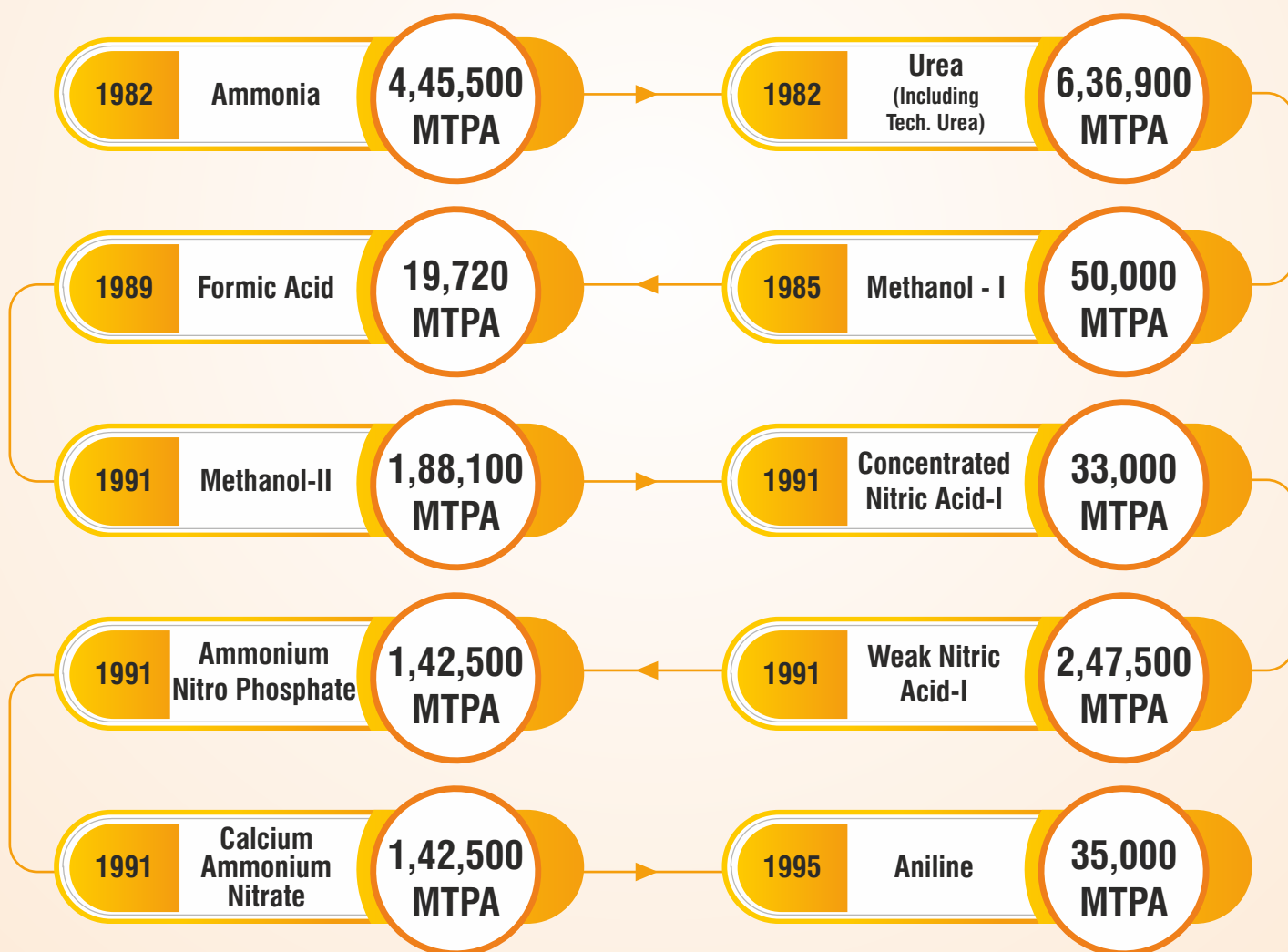
The Company has Four Business Segments Viz. Fertilizers, Chemicals, Information Technology and Neem Products.

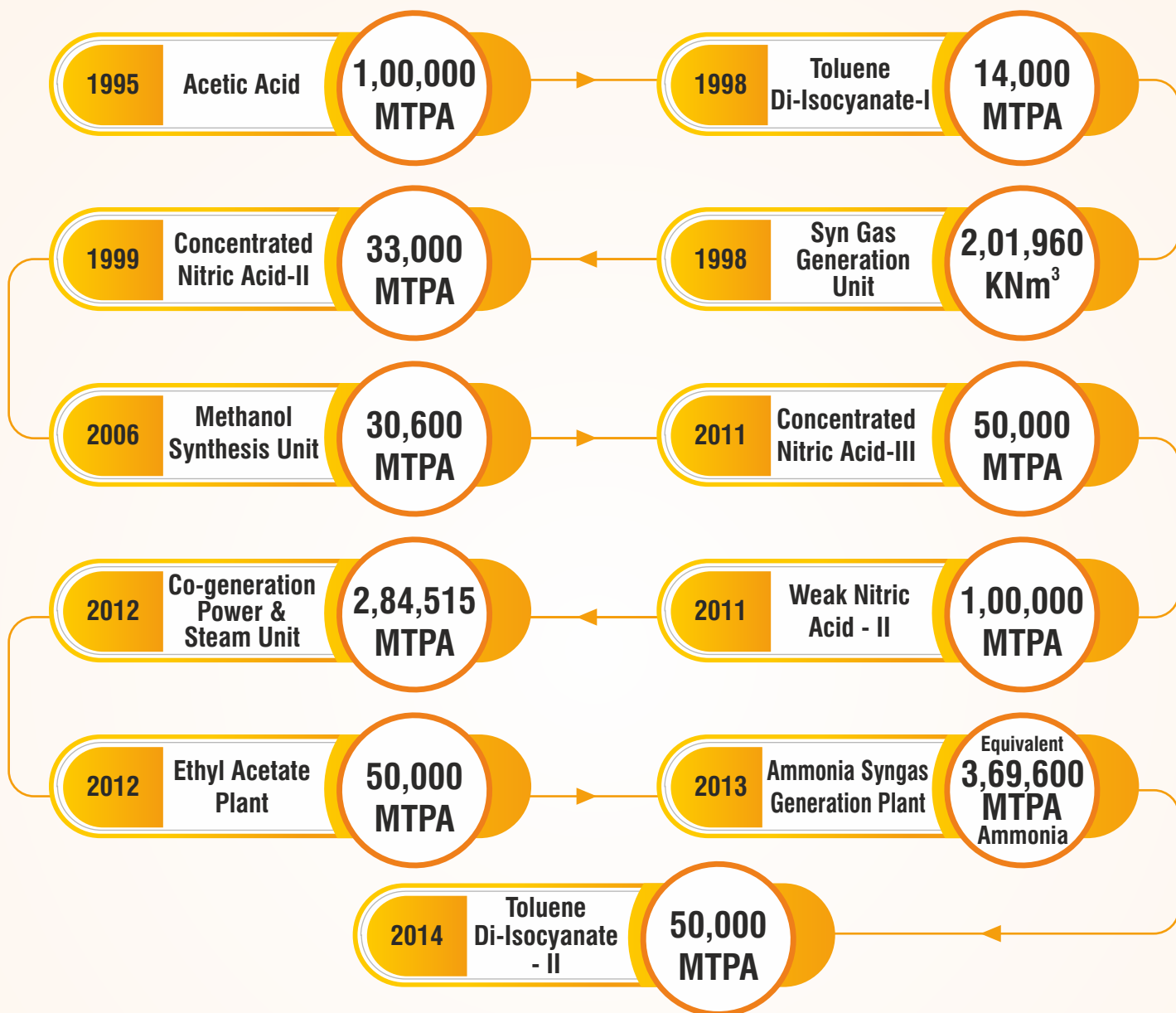


# GNFC's Journey towards Unparalleled Success

In the ever-evolving landscape of the chemical industry, GNFC stands tall as a formidable player, facing the challenges of stiff import competition head-on. As a testament to our commitment to excellence, GNFC has emerged as the sole manufacturer in select chemical segments, granting us a competitive edge and enabling us to command premium realizations. However, when it comes to basic pricing, the battlefield intensifies, compelling us to engage in fierce competition. To navigate this dynamic terrain, GNFC has implemented various strategic measures,

such as the imposition of Anti-Dumping duties, adherence to BIS standards, and participation in the PLI (Production Linked Incentive) scheme, under the guidance of the Ministry of Government of India. With a proactive approach, GNFC has consistently expanded its production capabilities, bolstering our position in the market. Moreover, our steadfast utilization of existing production capacities has remained a hallmark of our operations.





# Driving Operational Excellence

We aim to highlight GNFC's exceptional operational performance, showcasing our commitment to excellence in every aspect of our operations. With unwavering dedication and strategic focus, GNFC has achieved remarkable production milestones during the year 2022-23. Rigorous scrutiny of day-to-day plant operations allowed us to optimize processes and maximize profitability. Throughout the year, strategic

optimization efforts were implemented across various plant operations, carefully aligning with the prices of raw materials to achieve cost reduction in every aspect. Through meticulous planning, efficient execution, and continuous improvement, we have surpassed expectations and set new benchmarks within the industry.

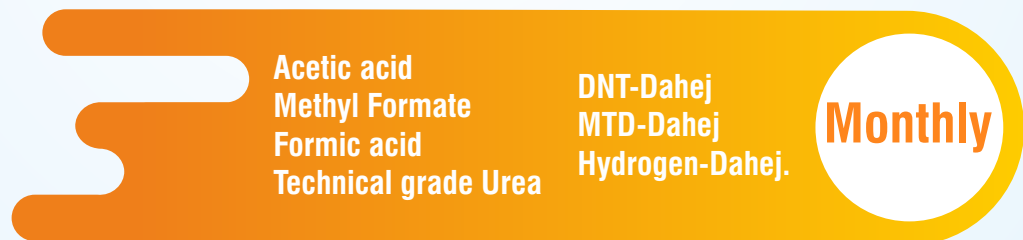
## Setting New Milestones

In the year 2022-23, GNFC achieved a remarkable feat by establishing a total of 80 new records, exemplifying our commitment to excellence. Among these records, 44 were set in production, while 36 were achieved in dispatch and sales.

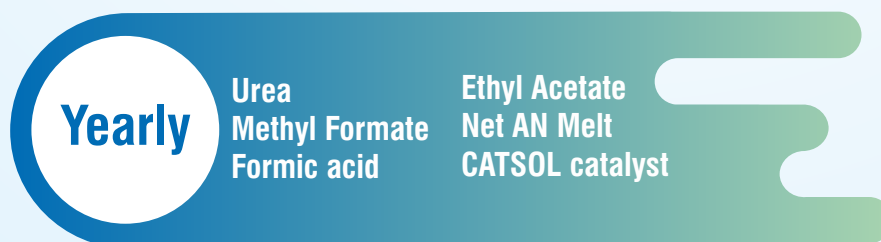
### Unprecedented Ever highest Daily Production



### Remarkable Ever highest Monthly Production



### Extraordinary Ever highest Yearly Production



These remarkable achievements exemplify GNFC's dedication to pushing boundaries and continuously setting new benchmarks within the industry.

# Cultivating Agricultural Growth Across the Nation

## Fertilizer Marketing Network



## 5 Area Offices at

Mehsana

Rajkot

Bhavnagar

Vadodara

Surat

49

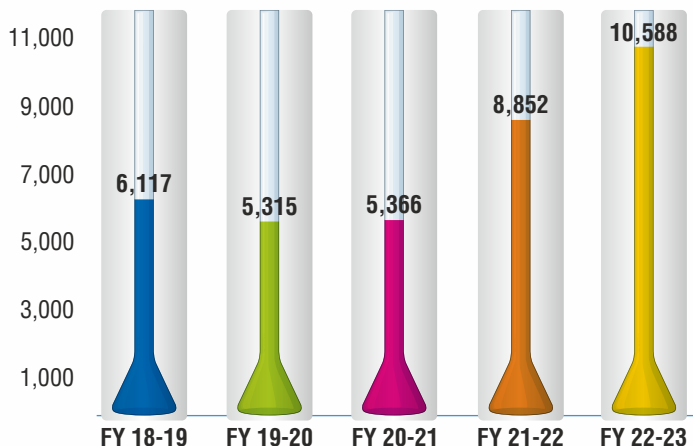
Fertilizer

Retail Outlets (NKSKs)  
in Gujarat

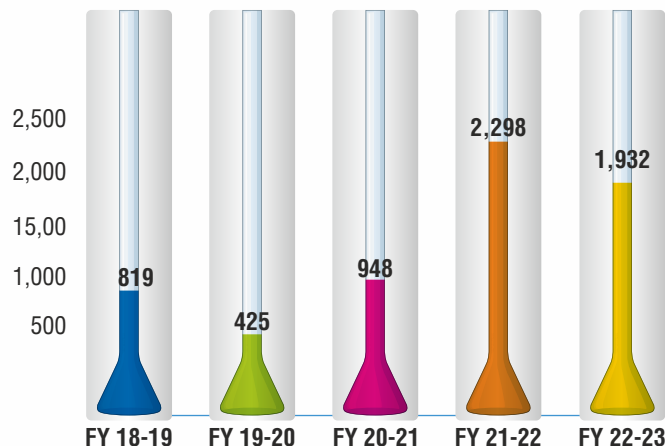
# Financial Trends and Value Creation (Last 5 Years)

(₹ Crores, except per share data)

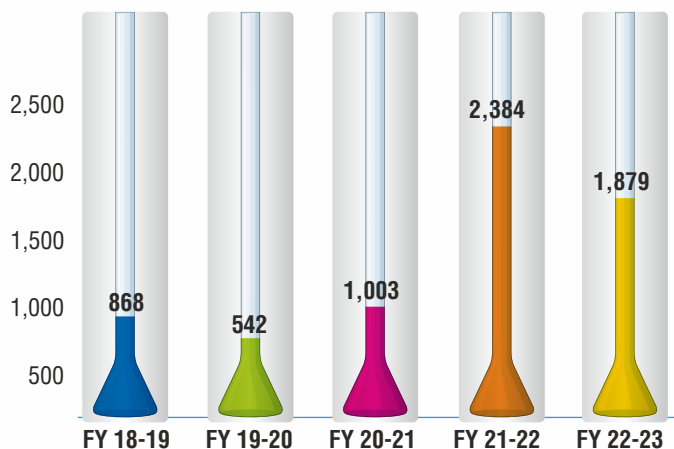
## TOTAL REVENUE



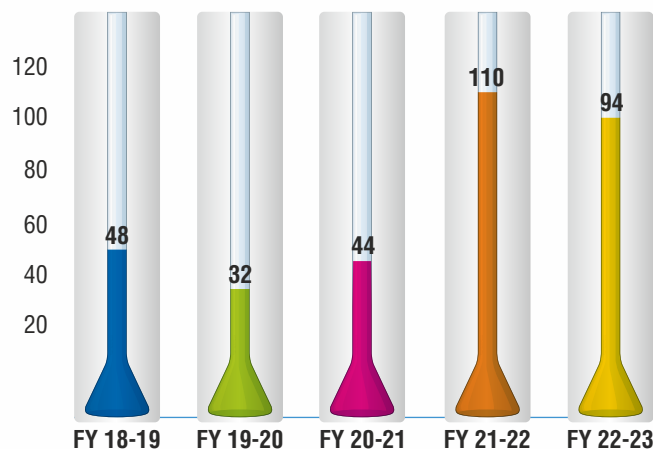
## PROFIT BEFORE TAX



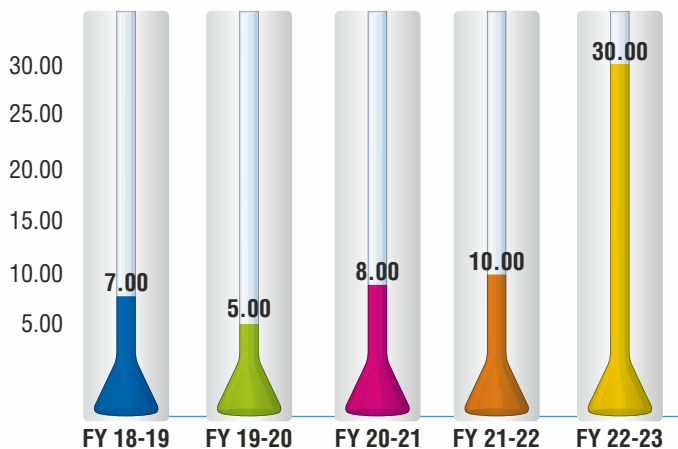
## EBITDA



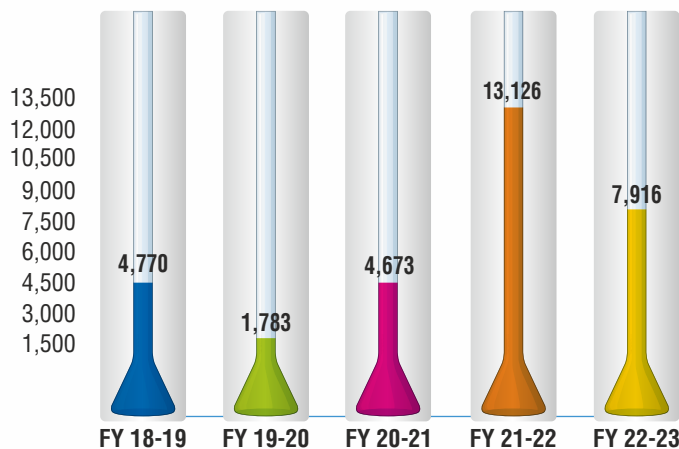
## EARNINGS PER SHARE



## DIVIDEND PER SHARE



## MARKET CAPITALIZATION



# Financials Over Decade (Standalone)

## Ten Years Standalone Financials At A Glance

(₹ Crores, except per share data)

| PARTICULARS                      | FY 22-23 | FY 21-22 | FY 20-21 | FY 19-20 | FY 18-19 | FY 17-18 | FY 16-17 | FY 15-16 | FY 14-15 | FY 13-14 |
|----------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>KEY PROFIT AND LOSS ITEMS</b> |          |          |          |          |          |          |          |          |          |          |
| Total Revenue                    | 10,588   | 8,852    | 5,366    | 5,315    | 6,117    | 6,058    | 5,170    | 5,098    | 4,988    | 5,196    |
| EBITDA *                         | 1,879    | 2,384    | 1,003    | 542      | 868      | 1,391    | 653      | 548      | 309      | 616      |
| Finance Cost                     | 5        | 3        | 20       | 5        | 6        | 100      | 203      | 297      | 275      | 92       |
| Depreciation & amortization      | 303      | 292      | 272      | 264      | 263      | 270      | 251      | 251      | 209      | 145      |
| PBT                              | 1,932    | 2,298    | 948      | 425      | 819      | 1,162    | 715      | 268      | (452)    | 424      |
| Tax                              | 468      | 594      | 259      | (74)     | 78       | 372      | 194      | 95       | -        | 132      |
| PAT                              | 1464     | 1,704    | 689      | 499      | 741      | 790      | 521      | 173      | (452)    | 292      |
| Total Comprehensive Income       | 1,263    | 2,039    | 839      | 357      | 680      | 750      | 561      | 162      | -        | -        |
| <b>KEY BALANCE SHEET ITEMS</b>   |          |          |          |          |          |          |          |          |          |          |
| Fixed Assets (Net Block)         | 3,568    | 3,716    | 3,881    | 3,892    | 3,984    | 4,175    | 4,457    | 4,395    | 4,581    | 4,897    |
| Investments                      | 3,106    | 1,222    | 853      | 596      | 829      | 681      | 762      | 709      | 712      | 132      |
| Cash, Bank & Deposits            | 2,874    | 3,682    | 1,851    | 472      | 395      | 16       | 13       | 10       | 16       | 173      |
| Total Equity                     | 9,006    | 7,899    | 5,984    | 5,223    | 4,997    | 4,458    | 3,802    | 3,278    | 3,115    | 2,946    |
| Total borrowings                 | -        | -        | 2        | 859      | 208      | 303      | 1,959    | 3,101    | 3,832    | 3,904    |
| Deferred tax liabilities (net)   | 344      | 422      | 391      | 316      | 467      | 479      | 387      | 296      | 208      | 336      |
| <b>PER SHARE DATA</b>            |          |          |          |          |          |          |          |          |          |          |
| EPS                              | 94       | 110      | 44       | 32       | 48       | 51       | 34       | 11       | (29)     | 19       |
| Dividend                         | 30.00    | 10.00    | 8.00     | 5.00     | 7.00     | 7.50     | 5.00     | 2.00     | -        | 3.50     |
| Dividend (%)                     | 300      | 100      | 80       | 50       | 70       | 75       | 50       | 20       | -        | 35       |
| Book Value                       | 579      | 508      | 385      | 336      | 322      | 287      | 245      | 211      | 200      | 190      |

\* EBITDA stands for Earnings Before Interest, Tax, Depreciation & Amortization and it is calculated as PBT + Depreciation + Finance Cost - Other income.



# Weaving a World All Around You



# Harnessing Growth Potential with our Diverse Product Range

## Industrial Products Profile

| Sr. No. | PRODUCT(S)                            | APPLICATION(S)  |
|---------|---------------------------------------|---|
| 1       | <b>Acetic Acid (Glacial)</b>          | Acetic Anhydride, Vinyl Acetate Monomer (VAM), Purified Terephthalic Acid (PTA), Monochloroacetic Acid, Acetates, Dyes & Dye Intermediates.   |
| 2       | <b>Ammonium Nitrate</b>               | Explosives, Herbicides & Insecticides.  |
| 3       | <b>Aniline</b>                        | Acetanilide, Antioxidants, Herbicides, Pigments, Rubber Chemicals: Vulcanizing Agents, Photographic Chemicals: Hydroquinone, Pharmaceutical, Isocyanates: MDI.  |
| 4       | <b>Concentrated Nitric Acid (CNA)</b> | Aniline, TDI, Dyestuff & Dye Intermediates, Explosives, Nitrobenzene.   |
| 5       | <b>Ethyl Acetate</b>                  | Solvent in Printing Inks, Paints and Coating, Laminates, Flexible, Packaging, Aluminium Foil, Pesticides, Varnishes, Synthetic Fruit Essence, Perfumes, Photographic Films and Plates, Adhesives and Pharmaceuticals. |
| 6       | <b>Formic Acid</b>                    | Coagulant for obtaining rubber from latex, Fixing of dyes in leather industry, Pesticides, Vulcanization Accelerators, Electroplating, Construction Chemicals.  |
| 7       | <b>Methanol</b>                       | Acetic Acid, Formaldehyde, Chloromethane, Pesticides, Methyl Amines, Paints, Insecticides.  |
| 8       | <b>TDI (Toluene Di- Isocyanate)</b>   | Flexible Polyurethane Foam, (Furniture Cushion, Industrial Gaskets, Mattresses, Protective pads for Sports & Medical Use, Automobiles: Seats, Lining, Sun visors) Coating, Adhesives, Sealants, Elastomers (CASE).    |
| 9       | <b>Technical Grade Urea</b>           | Cattle feed, Pigments, Dyes, Fuel additives.  |
| 10      | <b>Weak Nitric Acid (WNA)</b>         | CNA, Dyestuff & Dye Intermediates, Explosives, Metal cleaning.  |

## INTERMEDIATES AND BY-PRODUCTS

|   |                                    |   |
|---|------------------------------------|---|
| 1 | <b>Calcium Carbonate</b>           | In Cattle feed, Water treatment, Neutralization of Acidic Effluent, Cement Industry.  |
| 2 | <b>Dilute Sulphuric Acid</b>       | Ferric Alum, Fertilizer, Textile.   |
| 3 | <b>Hydrochloric Acid</b>           | Chemical Reagent, Production of gelatine, Household cleaning, Metal Pickling, Textiles, Dye, Intermediates, DCP.                              |
| 4 | <b>Meta Toluene Diamine (MTD)</b>  | Chain extender, Cross linker, Rubber Chemical & dyes, Polyimides, TDI.  |
| 5 | <b>Methyl Formate</b>              | Dimethylformamide (DMF), Formic Acid, Pharmaceuticals, Metal Foundries, Fumigant & Larvicide for Tobacco, Formulations of Synthetic Flavours. |
| 6 | <b>Neem Oil</b>                    | Coating of Urea, Pesticides, Cosmetics, Medicine.   |
| 7 | <b>Nitrobenzene</b>                | Aniline, Antioxidants, Herbicides, Pigments, Rubber Chemicals: Vulcanizing Agents, Photographic Chemicals: Hydroquinone.                      |
| 8 | <b>Ortho Toluene Diamine (OTD)</b> | Polyols, Antioxidants, Corrosion Inhibitors, Rubber Chemicals, Dyes.  |
| 9 | <b>Sodium Hypochlorite</b>         | Disinfectant, Bleaching Agent, Water Treatment.   |

# Growth Nucleus of India....



**GNFC is a joint sector enterprise promoted by Government of Gujarat.**

- Production of GNFC's popular fertilizers “Narmada Urea” and “Narmada Phos” in ultra-modern plant at Bharuch now under the “BHARAT” brand in the auspicious proximity of the Narmada Maiya.
- Production capacity : 6,36,900 MT UREA and 1,42,500 MT NPK per year
- To realize the vision of 100% Neem coated Urea of Hon'ble Prime Minister, GNFC is the FIRST and only company in the nation to use self-produced indigenous Neem Oil.

- Sale of total 1,17,000 MT agricultural inputs (approx. ₹ 106 Crores) during the year 2022-23 through company owned “Pradhan Mantri Krishi Samridhhi Kendras (PMKSK)” spread across Gujarat.



- "e-Narmada Kisan Parivar Patra" is published every month with latest information on agriculture and government schemes.
- More than five Lakhs farmers, agricultural students, agronomists and those who are interested in new technologies of agriculture are benefited.

- Guidance to all involved in agriculture through various programs like “Natural Farming Seminars” for self-sufficient agriculture.



- As a part of celebration of “International Year Of Millets – 2023”, “Millet Seminar” was organized with Sardar Krishinagar Dantiwada Agriculture University, Dantiwada.



- GNFC is the only fertilizer company in India to manufacture neem pesticide (certified by GOPCA and ECOCERT) and neem cake.



- On clarion call from Hon'ble Prime Minister, to make India self-reliant in UREA production, GNFC recently launched “Narmada Nano Urea”.



- Customercare Number : **02642-202243** & Email : [customercare@gnfc.in](mailto:customercare@gnfc.in)
- GNFC Website : [www.gnfc.in](http://www.gnfc.in) • To get e-NKPP : [nkpp@gnfc.in](mailto:nkpp@gnfc.in)

# Driving Change, Touching Lives

GNFC is working with communities with a vision of achieving sustainable long-term development. Our customized approach toward every community we work in sets us apart. GNFC adopted a strategic approach to address the needs of the local communities by implementing CSR initiatives in various thematic areas like skill development, education, healthcare, community infrastructure development, etc.

Narmadanagar Rural Development Society (NARDES), the CSR arm of GNFC, was established in the year 1980. NARDES has been working on several CSR Projects to bring about change envisioned by the GNFC's CSR Policy.

The organization's interventions are aligned with the United

Nations Sustainable Development Goals (UNSDGs) and designed in such a manner that they touch lives across all age groups. Each of these interventions contributes to the larger goal of achieving holistic development of local communities.

The company's CSR initiatives are not only limited to implementation and monitoring but have a proficiency to become embedded within the community by assessing the impact of the outcomes on the targeted community.

The collective efforts have made a positive difference in the lives of people. GNFC has grown progressively from being a resource provider to a facilitator for driving positive change.



Flag-off of "ICU on Wheel" donated to Civil Hospital, Bharuch



Students gathered for prayer at Narmada ITI



Children Enjoying Learning in NMPS



Distribution Of Cooked Meal Food In Civil Hospital Bharuch



Hon. Chairman visited SHG of Karmali Village



Hon. Chairman visited Narmada ITI



Establishment of Computer Lab in NEST College



Inaugural Event of SHG of Karmali Village



Glimpses of visit of Hon. Director



Providing Free Medical Treatment Through Mobile Medical Van

# Leading the Way to Energy Efficiency

## Energy saving by operational changes

Enhanced power generation of about 40 KW through existing ECT by floating other PRDS downstream steam lines with ECT downstream header.



## Energy Saving by process modifications

Low-pressure steam generation from higher-pressure steam condensates by providing a flash drum.



## Energy Saving by changing Lights and Fans:

Around 1.9 Million KWH of power saving is achieved in FY 2022-23 by the replacement of old conventional light fittings with energy-efficient LED fixtures and the replacement of old conventional ceiling fans with energy-efficient Brush-less Direct Current Fans (BLDC) fans.



## ENERGY SAVING MEASURES

| Location                   | ES Measures  | Investment Cost (₹ Lakhs) | Energy Saving Potential |
|----------------------------|--|---------------------------|-------------------------|
| Township Admin Office      | Replacement of conventional ceiling fans with energy-efficient BLDC ceiling fans.  | 4                         | 29 MWH per year         |
| Electrical System, Bharuch | Replacement of old light fittings with LED fixtures.   | 102                       | 1,816 MWH per year      |
| Electrical System, Dahej   | Replacement of Metal Halide floodlights with energy-efficient LED floodlights.   | 8                         | 75 MWH per year         |
| Electrical System, Dahej   | Improvement of Power Factor.   | -                         | Rebate of ₹ 91.5 Lakhs  |
| Formic Acid Plant          | LP steam generation from MP steam condensate by providing a flash drum.  | 23                        | 12,000 MT per year      |
| Formic Acid Plant          | Maximize power generation through existing ECT by floating other PRDS downstream steam lines with ECT downstream header. | -                         | 320 MWH per year        |
| Utility plant, Bharuch     | Optimization of raw water resources resulted in a reduction in water treatment load.                                     | -                         | 55 MWH per year         |





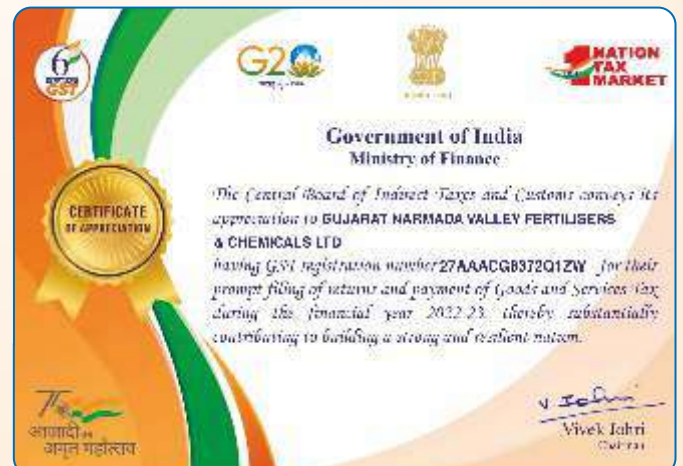
# Excellence Recognized with Multiple Awards

GNFC has won First Position under the category Manufacturing – Public – large of the 18th National Awards for Excellence in Cost Management, 2022 of the Institute of Cost and Management Accountants of India. The award was decided by a Jury of eminent personalities headed by Hon'ble Justice (Retd.) Shri S.J. Mukhopadhaya Former Judge, Supreme Court of India and Former Chairperson, National Company Law Appellate Tribunal (NCLAT).



GNFC has been awarded a certificate of appreciation by CGST Zone Vadodara for compliance with GST Law and contribution towards nation building on 6th GST Day Celebration at Vadodara for the Financial Year 2022-23 for Gujarat state GST Registration.

Further, GNFC has also been awarded a certificate of appreciation by CBIC, Ministry of Finance, Government of India for prompt filing of GST Return and payment of GST for Financial Year 2022-23 for Maharashtra state GST registration.





## MANAGEMENT DISCUSSION AND ANALYSIS

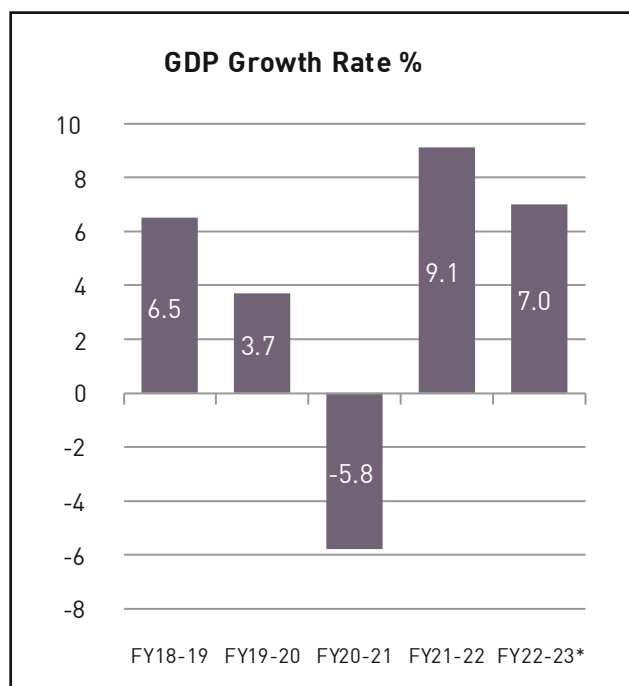
### 1. Global Economic Scenario:

Over the past few months, the world economy has experienced numerous disruptions including Russia-Ukraine war, almost equal to those caused by the pandemic over a two-year period. These disruptions have caused the prices of important commodities like crude oil, natural gas, fertilizers, and wheat to rise, leading to inflationary pressures. This has been exacerbated by the global economic recovery, which was supported by significant fiscal stimulus and accommodative monetary policies aimed at limiting the output contraction. Inflation in Advanced Economies has reached historic highs, while Emerging Market Economies have also experienced higher inflation due to rising commodity prices. The US Dollar has strengthened against other currencies, leading to widening Current Account Deficit and inflationary pressures in net importing economies. Despite this, many Emerging Market Economies have managed to keep their inflation rates low by implementing a strategic fiscal stimulus to address output contraction.

### 2. Indian Economic Scenario:

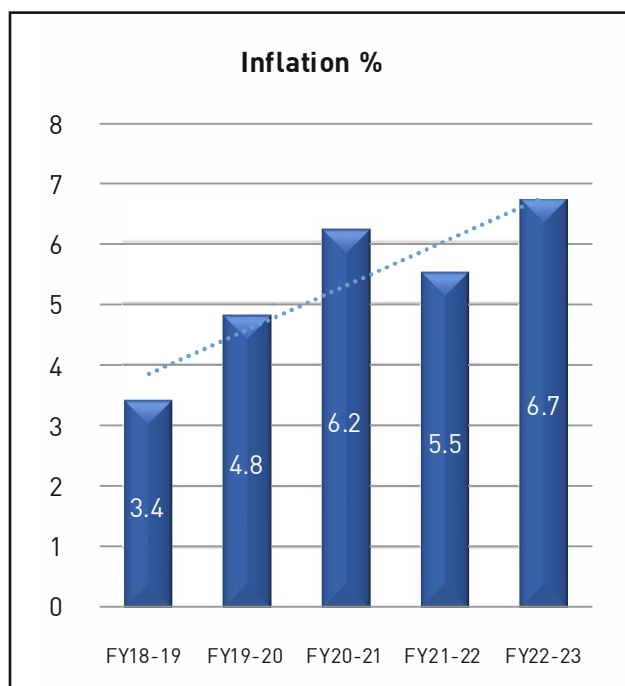
India's 2022 was a significant year as it marked the 75<sup>th</sup> year of India's Independence. The economy also grew to become the fifth largest in the world, with an estimated nominal GDP of USD 3.5 trillion in the upcoming financial year, and a projected 7% growth rate. Inflation and wholesale prices have remained low, while labor and product output has increased by 16% in the initial nine months of the financial year. Despite concerns about the current account deficit, financing has been manageable due to low external debt and comfortable foreign exchange reserves. The successful monsoon season has also contributed to higher reservoir levels. As India looks towards its centenary as a modern, independent nation, the economy's fundamentals remain strong due to carefully planned and sustainable recovery strategies.

The charts below broadly reflects the Indian economic scenario:

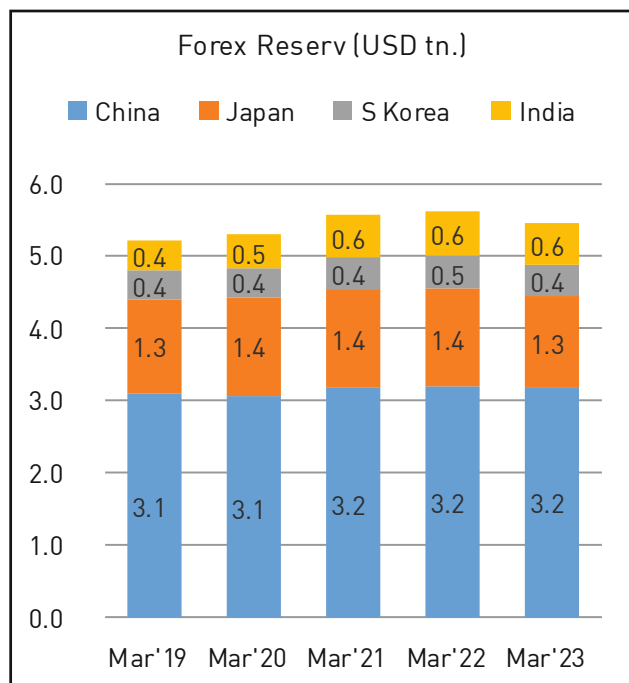


\* Second advance estimate of national income for 2022-23.

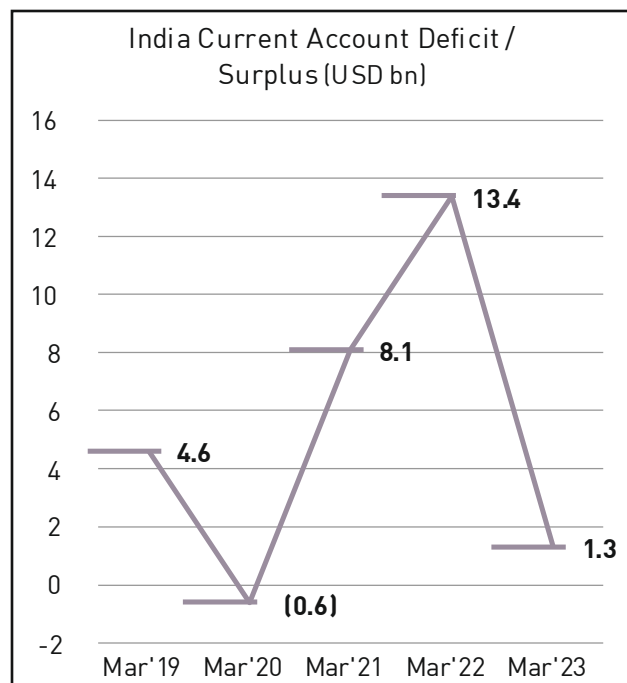
Source - RBI



Source - RBI



Source: Investing.com & RBI



Source: RBI

### 3. Industry Structure and Development:

#### 3.1. Fertilizer Industry

##### Climatic Conditions

The rainfall in India is mapped for four seasons i.e. Pre Monsoon (Mar-May), Monsoon (Jun-Sep), Post Monsoon (Oct-Dec) & winter (Jan-Feb). The maximum impact is of Southwest monsoon. Long Period Average (Average of 1961-2010) is compared to classify the rainfall as Deficient, Normal or Excess. Season-wise rainfall, India as a whole, has been excellent during FY 2022-23.

| Season       | Actual (mm) | LPA (mm) | %     |
|--------------|-------------|----------|-------|
| Pre Monsoon  | 131         | 132      | (1%)  |
| Monsoon      | 922         | 865      | 6%    |
| Post Monsoon | 143         | 120      | 17%   |
| Winter       | 22          | 40       | (82%) |

Source: <https://mausam.imd.gov.in/> (Website of Indian Meteorological Department)

Normal Rainfall has positively impacted agriculture in the country and despite pandemic, the Agriculture Sector has been growing @ 4.6% during last 6 years (Economic Survey 2022-23). Normal rainfall has also contributed in record food grain production As per Second Advance Estimates for 2022-23, Total Foodgrain production in the country is estimated at record 3,235.54 Lakh MT which is higher by 79.38 LMT as compared to previous year 2021-22.

##### Acreages

**Kharif (Apr to Sep)** – Against Kharif normal acreage (average of previous 5 years) of 1,085 Lakh hectares, the country had achieved 1,098 Lakh hectares registering 1% growth over normal.

| Progress - Kharif area coverage - As on 23.09.2022 - Lakh Hectare |                       |              |              |                    |            |                                      |
|---|-----------------------|--------------|--------------|--------------------|------------|--------------------------------------|
| Crop  | Normal Acreage Kharif | Actual       |              | Variance over 2021 |            | Coverage (%) against Normal acreages |
|   |                       | 2022         | 2021         | Acreage            | %          |                                      |
| Rice  | 397                   | 402          | 425          | (23)               | (6)        | 101                                  |
| Pulses  | 140                   | 133          | 138          | (5)                | (4)        | 95                                   |
| Coarse cereals  | 184                   | 181          | 174          | 7                  | 4          | 99                                   |
| Oilseeds  | 184                   | 192          | 193          | (2)                | (1)        | 104                                  |
| Sugarcane   | 47                    | 56           | 55           | 0                  | 1          | 117                                  |
| Jute & Mesta  | 7                     | 7            | 7            | 0                  | 0          | 98                                   |
| Cotton  | 126                   | 127          | 119          | 9                  | 7          | 101                                  |
| <b>Total</b>  | <b>1,085</b>          | <b>1,098</b> | <b>1,111</b> | <b>(14)</b>        | <b>(1)</b> | <b>101</b>                           |

**Rabi (Oct-Mar)** – In Rabi, country has achieved 721 Lakh hectares compared to normal acreage of 636 Lakh hectares.

| Progress - RABI area coverage - As on 03.02.2023 - Lakh Hectare |                     |            |            |                       |             |                                       |
|---|---------------------|------------|------------|-----------------------|-------------|---------------------------------------|
| Crop  | Normal Acreage Rabi | Actual     |            | Variance over 2021-22 |             | Coverage (%) against Normal of Season |
|   |                     | 2022-23    | 2021-22    | Acreage               | %           |                                       |
| Wheat   | 304                 | 343        | 342        | 1.39                  | 0.41        | 113                                   |
| Rice  | 48                  | 46         | 35         | 11.20                 | 0.32        | 97                                    |
| Pulses  | 150                 | 168        | 167        | 0.55                  | 0.00        | 112                                   |
| Course Cereals  | 55                  | 53         | 51         | 2.07                  | 0.04        | 98                                    |
| Oilseeds  | 79                  | 110        | 102        | 7.48                  | 0.07        | 139                                   |
| <b>Total</b>  | <b>636</b>          | <b>721</b> | <b>698</b> | <b>22.69</b>          | <b>0.03</b> | <b>113</b>                            |

**Source** - <https://www.agricoop.gov.in/all-india-crop-situation>

The acreages of Cotton, Coarse Cereals & Oilseeds have shown increasing trends over previous year. Cotton, Oilseeds and Sugarcane acreage increased significantly over normal acreages. As per second Advance Estimates of major crops, the country is expected to achieve record production for Rice, Wheat, Maize, Gram, Moong, Rapeseed & Mustard and Sugarcane.

### Minimum Support Price (MSP)

The MSPs of most of Kharif & Rabi crops are increased over 2021-22.

| Minimum Support Prices – ₹/quintal |            |            |            |
|------------------------------------|------------|------------|------------|
| KHARIF CROPS                       | FY 2021-22 | FY 2022-23 | % Increase |
| Paddy                              | 1,940      | 2,040      | 5          |
| Jowar                              | 2,738      | 2,970      | 8          |
| Bajra                              | 2,250      | 2,350      | 4          |
| Maize                              | 1,870      | 1,962      | 5          |
| Tur (Arhar)                        | 6,300      | 6,600      | 5          |
| Moong                              | 7,275      | 7,755      | 7          |
| Urad                               | 6,300      | 6,600      | 5          |
| Cotton                             | 5,726      | 6,080      | 6          |
| Groundnut                          | 5,550      | 5,850      | 5          |
| Soybean                            | 3,950      | 4,300      | 9          |
| Sesame                             | 7,307      | 7,830      | 7          |
| Wheat                              | 2,015      | 2,125      | 5          |
| Barley                             | 1,635      | 1,735      | 6          |
| Gram                               | 5,230      | 5,335      | 2          |
| Lentil (Masur)                     | 5,500      | 6,000      | 9          |
| Rapeseed & Mustard                 | 5,050      | 5,450      | 8          |
| Safflower                          | 5,441      | 5,650      | 4          |

**Source** - <https://farmer.gov.in/mspstatements.aspx>

MSPs are increased by 2% to 9% over previous year. Going by the past three years' data, the impact of the Minimum Support Price was almost nil on 12 of the 14 crops covered under MSP Scheme.

### Government Policies – Fertilizers

No major changes in Policy have been announced during the year except for introduction of 'One Nation One Fertilizer (ONOF)' in all fertilizers. After deliberations and discussions with the Industry, ONOF has been implemented in all fertilizers including Urea, DAP, MOP & NPK. It has begun with imported urea on 02.10.2022, indigenous Urea on 01.12.2022, DPA & NPK on 01.01.2023.

DoF has started giving movement plans of Urea & other non-Urea fertilizers through a linear programme of RITES (Rail India Technical & Economic Service Limited). There are unexpected changes being noticed since Jun 2022. Attempts are being made for getting the proposed plans approved, so as to have an equal distribution of Urea and ANP and to maintain Urea vs ANP ratio.

As a major step, Gol has introduced "Pradhan Mantri Krishi Samradhhi Kendra (PMKSK)", which is being implemented across the country. In first phase 526 retail shops have been converted into PMKSK have uniform façade and facility as have been prescribed for District/Tehsil/Village level locations. All the fertilizers companies have been allotted 3.30 Lakh retails shops in India to convert as PMKSKs. GNFC has almost completed 2,478 PMKSKs allotted at District/Block/Village levels. The cost of conversion is being met from the retailer margin being retailed by the companies. There is no direct cost to companies.

## MANAGEMENT DISCUSSION AND ANALYSIS

Subsidy rates which were announced for entire season of Rabi 2022-23, were revised on 18.05.2023, from retrospective effect for Q4 FY 2022-23 (01.01.2023 to 31.03.2023). The industry has never experienced such retrospective changes in past. The subsidy for MOP was increased but was reduced for all other PK & NPK fertilizers.

| Subsidy - ₹/MT |              |             |         |            |
|----------------|--------------|-------------|---------|------------|
| Product        | Rabi 2022-23 | Q-4 2022-23 | Change  | % Increase |
| DAP            | 48,431       | 40,841      | (7,590) | (16)       |
| ANP            | 32,991       | 29,842      | (3,149) | (10)       |
| 20:20:0:13     | 33,786       | 30,211      | (3,575) | (11)       |
| SSP            | 7,513        | 7,513       | 0       | 0          |
| MOP            | 14,190       | 15,420      | 1,230   | 9          |

**Source:** DoF Office Memorandum no. 23011/1/2023-P&K dated 18<sup>th</sup> May 2023

On the same day, rates for Nutrient Based Subsidy (NBS) for H1 of 2023-24 has been announced. For this period, the subsidy was decreased substantially.

| Subsidy - ₹/MT |              |           |          |          |
|----------------|--------------|-----------|----------|----------|
| Product        | Rabi 2022-23 | Rabi 2023 | Change   | % Change |
| DAP            | 48,431       | 32,641    | (15,790) | (33)     |
| ANP            | 32,991       | 23,504    | (9,487)  | (29)     |
| 20:20:0:13     | 33,786       | 23,868    | (9,918)  | (29)     |
| SSP            | 7,513        | 6,872     | (641)    | (9)      |
| MOP            | 14,190       | 9,547     | (4,643)  | (33)     |

**Source:** DoF Office Memorandum no. 23011/1/2023-P&K dated 18<sup>th</sup> May, 2023

### Fertilizer – Production, Imports & Consumption

Production of Urea, DAP, NPK & SSP increased. Imports of Urea & MOP reduced over FY 2021-22. Sales of Urea & DAP increased and sales of NPK, MOP & SSP decreased.

| Fertilizer   | FY 2022-23 (Lakh MT) |            |            | 2021-22 (Lakh MT) |            |            |
|--------------|----------------------|------------|------------|-------------------|------------|------------|
|              | Production           | Import     | Sales      | Production        | Import     | Sales      |
| Urea         | 285                  | 76         | 357        | 251               | 91         | 342        |
| DAP          | 44                   | 69         | 105        | 42                | 55         | 93         |
| NP/NPK       | 100                  | 28         | 101        | 83                | 12         | 115        |
| MOP          | 0                    | 14         | 16         | 0                 | 25         | 25         |
| SSP          | 56                   | 0          | 50         | 54                | 0          | 57         |
| <b>Total</b> | <b>485</b>           | <b>187</b> | <b>629</b> | <b>436</b>        | <b>178</b> | <b>598</b> |

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### MANAGEMENT DISCUSSION AND ANALYSIS

An increase of 5% in imports of finished fertilizers and 5% in Sales is observed during FY 2022-23 over previous year.

| % Variance over FY 2021-22 |            |          |          |
|----------------------------|------------|----------|----------|
| Fertilizer                 | Production | Import   | Sales    |
| Urea                       | 14         | (16)     | 4        |
| DAP                        | 5          | 25       | 13       |
| NPKS                       | 20         | 133      | (12)     |
| MOP                        | 0          | (44)     | (36)     |
| SSP                        | 4          | 0        | (12)     |
| <b>Total</b>               | <b>11</b>  | <b>5</b> | <b>5</b> |

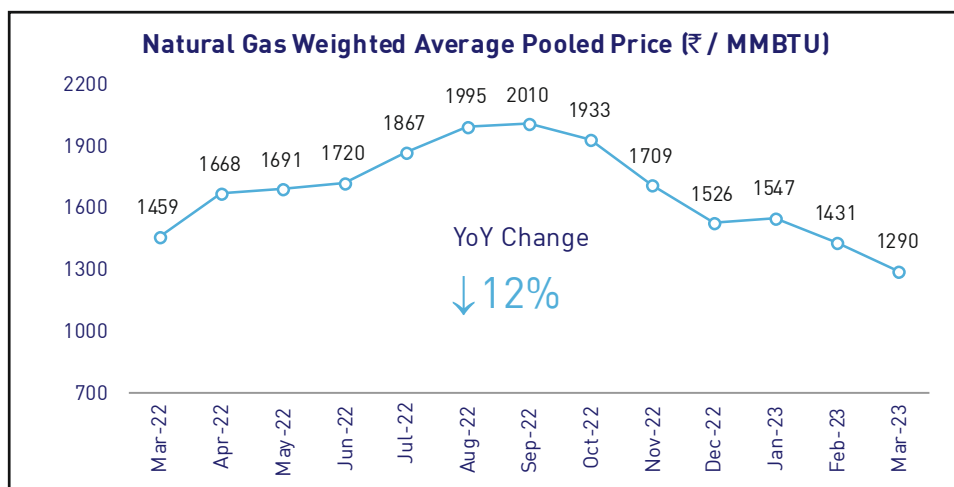
Source - <https://reports.dbtfert.nic.in/>

Country is having huge pile of stocks as on 31.03.2023, which is far above the stocks levels as on 31.03.2022.

| Fertilizer | Stock As on 31.03.2022<br>(in LMT) | Stock As on 31.03.2023<br>(in LMT) | % Change |
|------------|------------------------------------|------------------------------------|----------|
| Urea       | 51.02                              | 61.07                              | 20       |
| DAP        | 8.29                               | 25.38                              | 206      |
| MOP        | 2.63                               | 3.20                               | 22       |
| NPKS       | 14.91                              | 30.50                              | 105      |

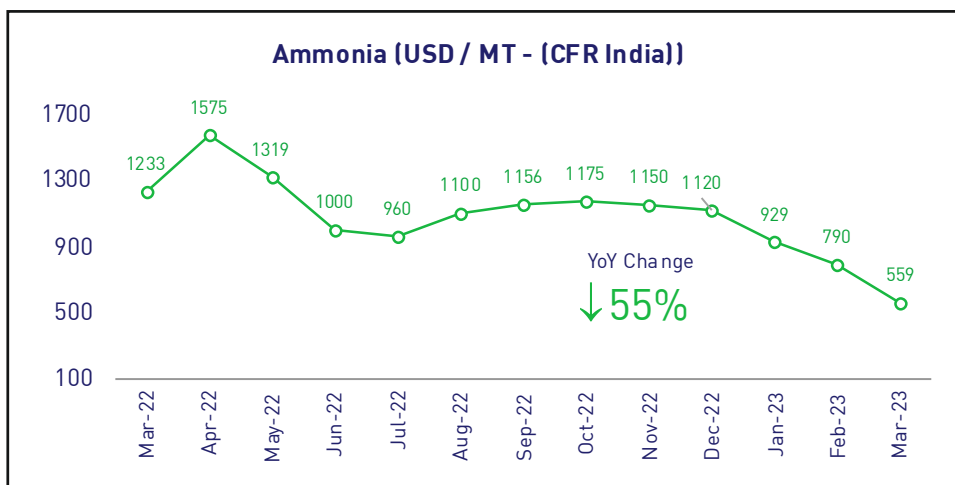
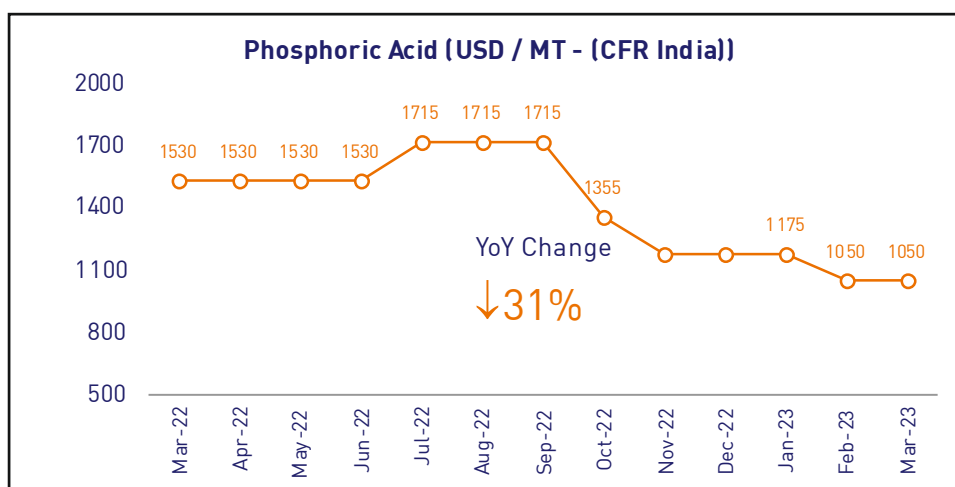
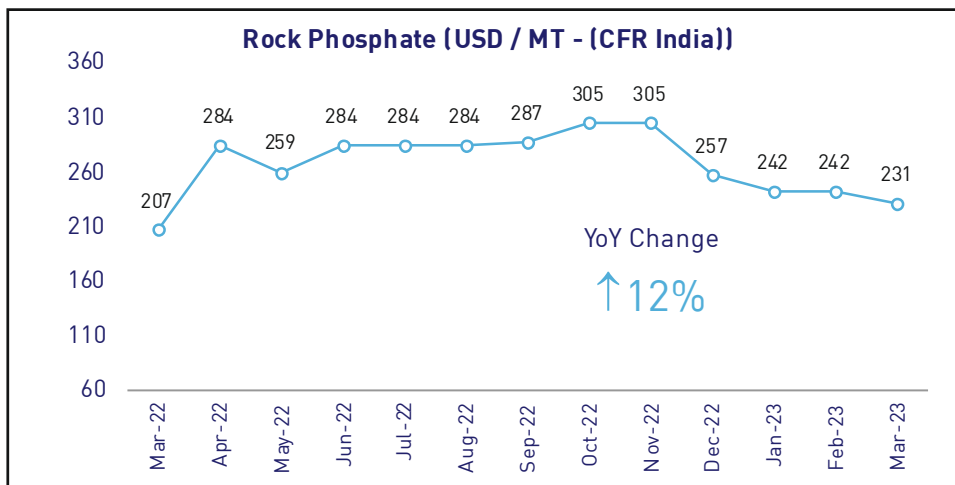
#### Raw Material & Fertilizer Price Trend:

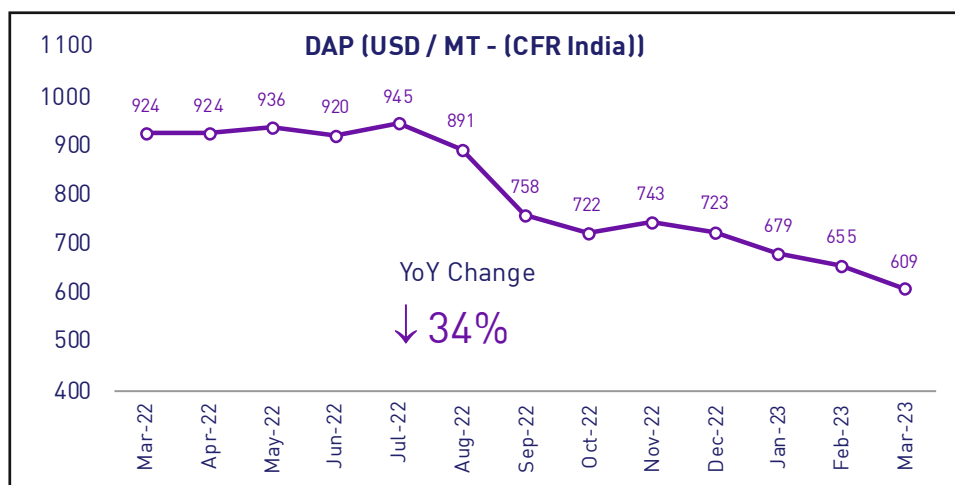
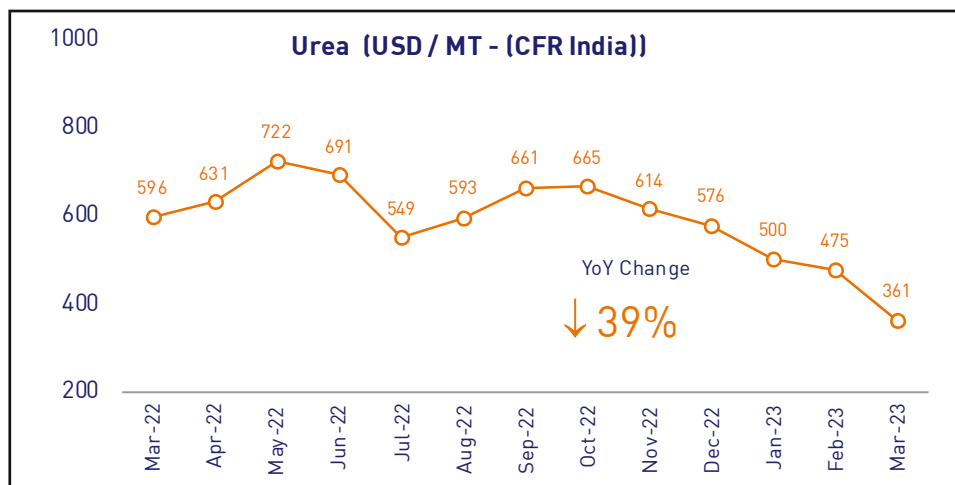
There is decreasing trend in the prices of finished goods being observed. The experts opine that the prices shall further roll down.



Source : Company







Source: Department of Fertilizer

### 3.2. Chemical Industry

India's chemical industry has been a global outperformer in demand growth and shareholder wealth creation over the last decade. It now stands poised to play an increasingly dominant role across both consumption and manufacturing in the global arena. Over recent years, changing geopolitical scenarios have led to many countries focusing on domestic self-sufficiency and localized supply chains. However, benchmarking India's manufacturing competitiveness reveals that India has a strong starting point vs other key global chemical clusters that could translate into India becoming the next chemicals manufacturing hub.

#### India: The fastest growing global demand centre for chemicals

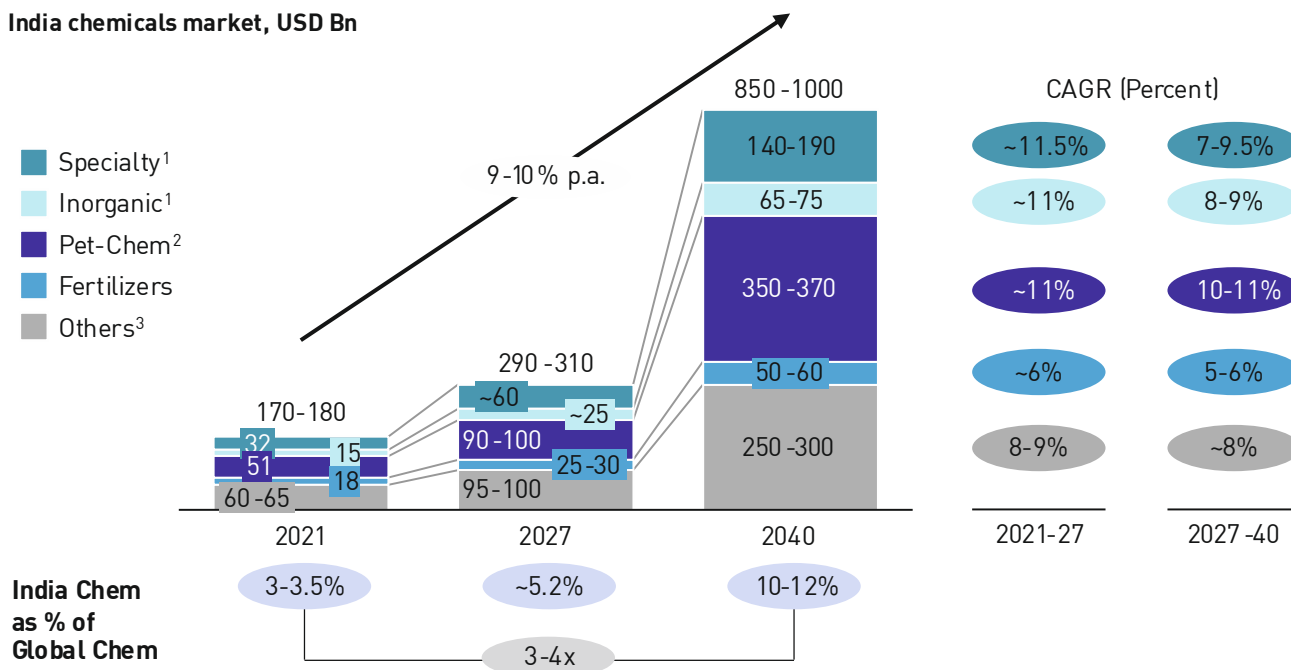
Domestic consumption in India is set to grow at a 9-10 percent CAGR in the coming years as illustrated in figure (below), on the back of rising disposable incomes, a favourable demographic dividend, increasing global preference for bio friendly alternatives, and growing diversification of global chemical supply chains.

With this growth, India's share in the global chemicals sector could triple to 10-12 percent by 2040, creating an additional USD 700 billion market value, over and above the current contribution of USD 170- 180 billion (as of 2021).

The Specialty Chemicals segment is likely to be a key driver of this growth. It has the potential to contribute more than USD 20 billion to India's net exports by 2040, a 10x jump from the current total of USD 2 billion.

India is expected to become a \$850 -1000 Bn chemicals market by 2040, taking 10-12% share of the global chemicals market

**India chemicals market, USD Bn**



<sup>1</sup> 2027 estimations basis subsector level CAGRs from IHS Markit; 2040 projections basis end-use sector nominal GVA CAGR (weighted)

<sup>2</sup> Estimated basis EIL 2020 and 2040 projections; 5% price CAGR assumed for 2021, 2027 and 2040 projections

<sup>3</sup> Includes pharma products (vaccines, injectables, OSDs, medical devices etc.) as per NIC's industry division 21. Also includes some personal care consumer products (e.g. Shampoo, hair oil, toothpastes, soaps etc.) as NIC's industry division 20

Source: MoCPC 2021 report: "Chemical & Petrochemical Statistics at a Glance", Invest India, "India Petrochemicals Scenario 2040" by EIL and IOCL, IHS Markit, UN Comtrade, McKinsey Global Institute, Press search

**4. Overview of Company:**

Gujarat Narmada Valley Fertilizers and Chemicals Limited ('the Company' or 'GNFC') operates businesses mainly in the Industrial Chemicals, Fertilizers apart from small presence of IT services.

In the chemical segment, it has a product portfolio of various bulk chemicals which are used in industries for manufacturing various speciality chemicals as well as end products.

Most of company's products are competing with big multinational players at import parity. Since India is net importer of oil and gas and this being primary feed/fuel for company, its financial performance is dependent upon how these variable play out.

Although in chemicals, company is in few cases the only manufacturer, it does provide some reference in industry, however it has to compete fiercely when it comes to basic pricing against freely available imports. Necessary measures are taken e.g. Anti-Dumping duty, applicability of BIS standards, inclusion on PLI scheme etc. through concerned Ministry of Gol. Company has added from time to time various production facilities. Company has been consistent in utilising, by and large, its existing production capacities.

## 47<sup>th</sup> Annual Report 2022 – 2023

### MANAGEMENT DISCUSSION AND ANALYSIS

The journey so far is reproduced below:

| Product                          | Operational Year | Rated Capacity MTPA              | Production MTPA                  | Remarks  |
|----------------------------------|------------------|----------------------------------|----------------------------------|--|
| Ammonia                          | 1982             | 4,45,500                         | 6,79,535                         |  |
| Urea (Including Tech. Urea)      | 1982             | 6,36,900                         | 8,35,863                         |  |
| Methanol - I                     | 1985             | 50,000                           | 0                                |  |
| Formic Acid                      | 1989             | 19,720                           | 25,461                           | Revamped in 2004-05 and 2022-23.   |
| Methanol-II                      | 1991             | 1,88,100                         | 30,985                           | Revamped in 2008. Redistillation of bought out methanol for Captive Consumption. |
| Concentrated Nitric Acid-I       | 1991             | 33,000                           | 27,835                           |  |
| Weak Nitric Acid-I               | 1991             | 2,47,500                         | 3,03,247                         | Revamped in 1999.  |
| Ammonium Nitro Phosphate         | 1991             | 1,42,500                         | 1,31,025                         |  |
| Calcium Ammonium Nitrate         | 1991             | 1,42,500                         | 0                                | The plant operation stopped since 2014 due to AN rules.                          |
| Aniline                          | 1995             | 35,000                           | 22,167                           | Both plant installed by a separate JV company NCPL.                              |
| Toluene Di-Isocyanate-I          | 1998             | 14,000                           | 17,669                           |  |
| Acetic Acid                      | 1995             | 1,00,000                         | 1,62,563                         | Revamped in 2002.  |
| Syn Gas Generation unit          | 1998             | 2,01,960 KNm <sup>3</sup>        | 0 KNm <sup>3</sup>               |  |
| Concentrated Nitric Acid-II      | 1999             | 33,000                           | 32,353                           |  |
| Methanol Synthesis Unit          | 2006             | 30,600                           | 0                                |  |
| Concentrated nitric acid-III     | 2011             | 50,000                           | 49,890                           |  |
| Weak nitric acid - II            | 2011             | 1,00,000                         | 1,28,095                         |  |
| Co-generation Power & Steam Unit | 2012             | 2,84,515                         | 1,85,738                         |  |
| Ethyl Acetate Plant              | 2012             | 50,000                           | 68,658                           |  |
| Ammonia Syngas Generation Plant  | 2013             | Equivalent 3,69,600 MTPA Ammonia | Equivalent 3,69,823 MTPA Ammonia |  |
| Toluene Di-Isocyanate - II       | 2014             | 50,000                           | 37,322                           |  |

As it is evident from the above that gradual debottlenecking / revamping has resulted in achieving higher than rated capacities.

Fertilizer is more or less a controlled and working capital intensive business. In this business, currently company has no plans of expansion. The subsidy part consists of major portion of working capital.

#### 5. Opportunities and Strengths:

- In chemical segment, to cater to demand growth, profitable opportunities are being explored in different chemicals. Major benefits envisaged from change of world's view about China post pandemic.

- b. Company has entered into Long/Mid Term / Annual Contracts / Agreements for supplies of most of the critical Raw Materials like Coal, Oil, Rock Phosphate, Packaging Materials etc. which are essential for continuous production. Company is continuously trying for broad basing supplier base.
- c. In respect of fertilizers and chemicals, both, trading is another opportunity which is being explored.
- d. For IT business, areas like software, e-Governance to support ever evolving client requirements are likely focus area apart from looking at evolving technologies for foray.

#### 6. Segment-wise performance for FY 2022-23:

| Segment      | Revenue       | Revenue %  | Result       | Result %   |
|--------------|---------------|------------|--------------|------------|
| Fertilizers  | 3,655         | 36         | (161)        | (10)       |
| Chemicals    | 6,484         | 63         | 1,849        | 108        |
| Others       | 88            | 1          | 28           | 2          |
| <b>Total</b> | <b>10,227</b> | <b>100</b> | <b>1,716</b> | <b>100</b> |

Fertilizer Segment revenue has been improved by ₹ 1,203 Crore from ₹ 2,452 Crore to ₹ 3,655 Crore primarily due to higher claimable subsidy of Urea in view of higher variable cost, subsidy breather and higher sales price of ANP and Fertilizers traded products which is partly offset by lower volumes. Fertilizer Segment Results further reduced from loss of ₹ (92) Crore to ₹ (161) Crore lower by 75 % at ₹ (69) Crore mainly due to higher energy norms of urea than permissible limit, increase in input cost of complex fertilizers and increase in fixed cost, partially compensated by subsidy breather in case of complex fertilizer.

Chemical Segment revenue improved by ₹ 382 Crore from ₹ 6,102 Crore to ₹ 6,484 Crore due to higher realisation in all chemicals except Acetic Acid, Ethyl Acetate and Formic Acid which are off set due to lower volume mainly in Aniline, Methanol, TDI, WNA and CNA. Chemical Segment Results reduced from ₹ 2,263 Crore to ₹ 1,849 Crore lower by 18% at ₹ 414 Crore mainly due to increase in input cost and fixed cost partially compensated by better realisations and higher volume.

The other segment revenue remains constant.

#### 7. Outlook:

##### 7.1. Fertilizers Business:

The India fertilizer market is expected to grow at a CAGR of 4.7% between 2023 and 2028, reaching a projected value of USD 1160.18 billion by 2028. The market growth is being driven by increasing demand for food production and improvements in agriculture processes.

On fertilizer subsidy budget front, for FY 2023-24, the urea subsidy has been cut to ₹ 1.31 lakh crore from ₹ 1.54 lakh crore in FY 2022-23, while the allocation for nutrient-based subsidy is down 38% to ₹ 44,000 crore.

The decline in the allocations for FY 2023-24 are broadly in line with expectation, following the cooling of input prices and the discontinuation of the Pradhan Mantri Garib Kalyan Ann Yojana and its integration with the National Food Security Act.

The subsidies in FY 2022-23 were 64% higher than the budget estimate as the government had to step up support in the form of free food grains and fertilizer subsidies amid higher commodity inflation.

As per the projections made by government, considering increasing of conventional & nano urea domestic output, India to be self-sufficient in urea by 2025 end. This will result in the foreign exchange saving of about ₹ 40,000 crore per annum to government.

### 7.2. Chemicals Business:

The Indian chemical industry is growing at CAGR 9.3% since FY 2018-19 and it is likely to grow with same pace to reach the target of USD 304 billion by FY 2024-25. Indian Chemical Industry contributes 7% of the country's Gross Domestic Product (GDP). India is the world's sixth largest producer of chemicals

The Indian Chemical industry continues to be a significant contributor to India's "Make in India" or Atmanirbhar Bharat reform. Given that Indian chemical sector provides several building blocks and raw materials for many industries, the sector will benefit from India's strong macroeconomic indicators. This is apart from the transformational opportunities arising out of the Indian chemical sector, now being viewed favorably as a reliable supplier for global majors designing a China+1 and Europe+1 strategy to de-risk their operations. Government of India has declared various schemes to boost growth of Chemical Industry. GNFC being the leading producer of Basic Chemicals, will be benefitted from these developments.

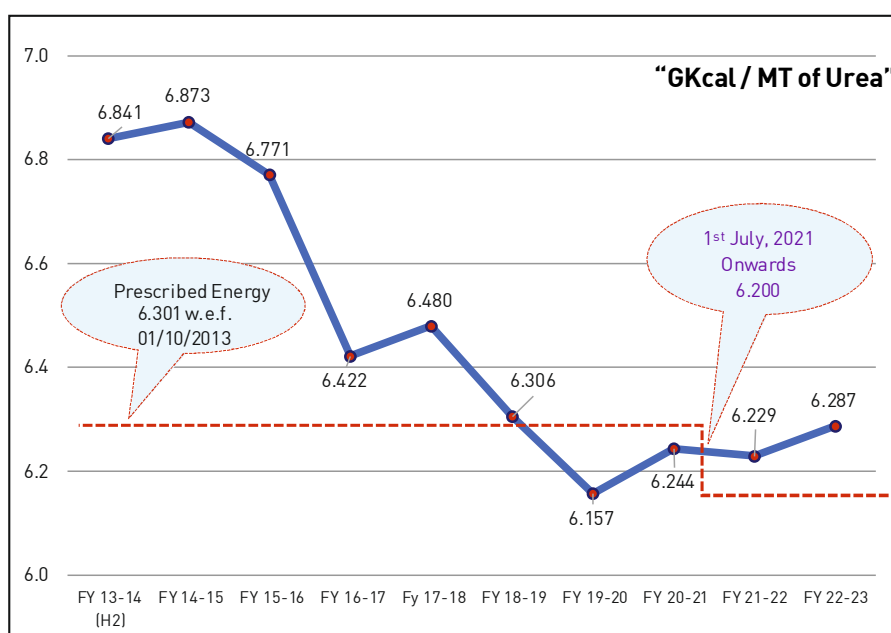
#### Risk and concerns:

- Most products are import substitutes and hence fierce competition from dominant foreign suppliers is a major threat.
- Key raw materials and feedstock are purchased at import parity price and its availability from limited supplier base and at time almost single pre-dominant source operates as possible threat to profitable operations.
- NBS support from time to time may not match with actual input costs hence may affect profitable operations.
- Energy norms for fertilizers being prescribed without capital subsidy support increases further strain on resources is a source of major risk.

#### Urea Energy Norms & Consumption of COMPANY:

Over one decade, Company has put their best efforts to bring down its energy consumption of Urea with a capital investment over ₹ 300 Crore. However, even after putting all out efforts, due to vintage nature of plant & consumption of coal, Urea targeted energy norms remains higher than prescribed norms for FY 2022-23.

As company uses coal as one of the energy source for the Urea, the energy level of Urea is higher side against the prescribed norms by DoF. The representation at highest level in government are continued to re-look the prescribed energy norms for the Company.



**8. Internal control system, their adequacy and Risk Management:**

The Company has an independent Internal Audit function with a well-established risk management framework. The scope and authority of the Internal Audit function are derived from the Internal Audit Charter approved by the Audit Committee.

The Company has engaged a reputable external firm to support the Internal Audit function for carrying out the Internal Audit reviews.

The Audit Committee meets every quarter to review and discuss the various Internal Audit reports and follow up action plans of past significant audit issues and compliance with the audit plan.

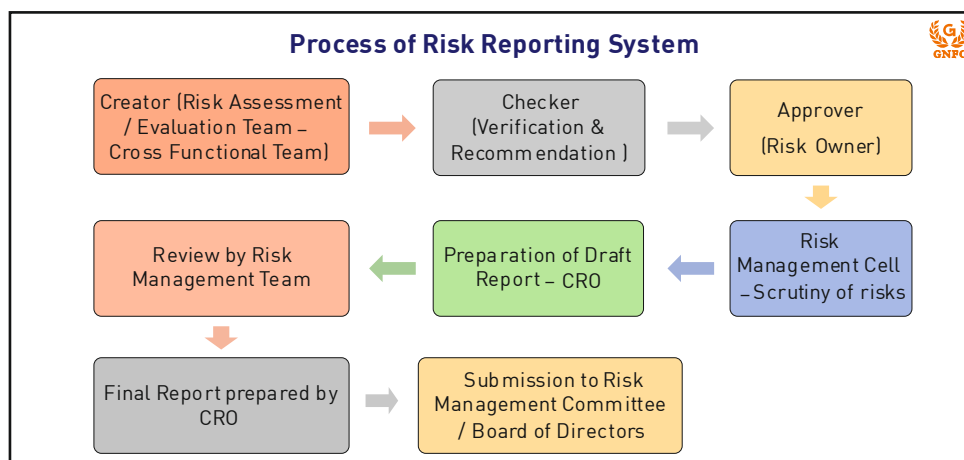
The Internal Financial Control framework of the company is subjected to review every year independently.

The Company has well-defined Enterprise Risk Management (ERM) framework in place which evolved over the years.

**Risk Management:**

Risks are identified proactively periodically considering inputs from external as well as internal factors along with risk mitigation plans. Through the mechanism of action taken reports, the identified mitigation plans are monitored for their execution/ current status against their set target dates.

The company has well defined Governance Structure viz., from Board to Committee to Risk Management function and so on as depicted below:



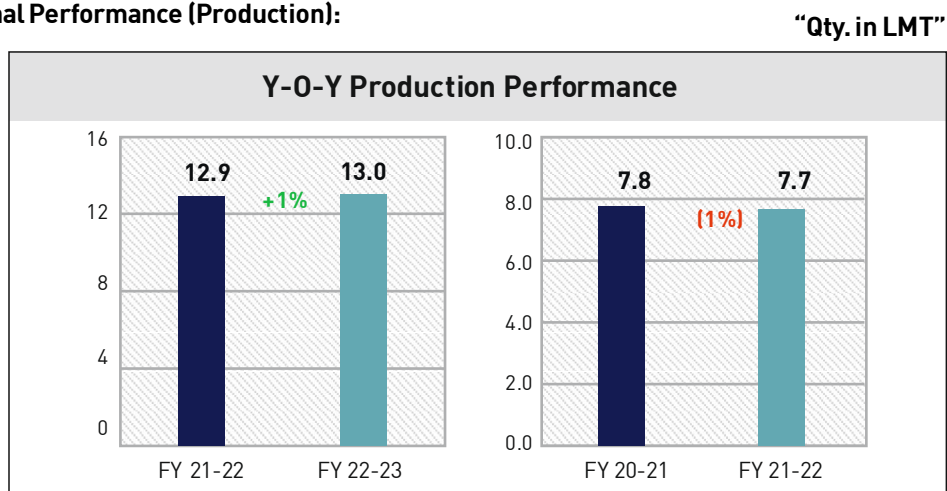
Risk Management Committee meeting takes place during the year wherein the framework as well as various risks are reviewed thoroughly. In addition to this, Risk Management Report covering various risks is put-up before the Board of Directors Meetings periodically for their review.

In order to further strengthen the Risk Management, with the help of expert risk management consultant, company has update the Existing Risk Management Policy and Risk Reporting System in line with highest industry standards & practices. Company has developed an online portal for better monitoring the Risk Management system.

Company is also seriously working towards reducing its carbon footprints and ultimately achieving target of "NET CARBON ZERO". Also, company has appointed reputed consultant to workout existing carbon footprints & to develop net carbon zero roadmap.

### 9. Operational & Financial performance

#### 9.1. Operational Performance (Production):



The Company has achieved remarkable production performance during the year 2022-23, in spite of emergency shutdown of Ammonia & its downstream plants (6 days) in July'22. Day to day plant operations were closely reviewed and plant operations were optimized accordingly, to maximize profit. During the year, strategic optimization of various plant operations had to be done keeping in line with prices of raw materials so as to achieve cost reduction in all aspects.

#### New Records Established:

During the year 2022-23, in all, 80 nos. of new records were established, out of which 44 nos. of new records were established in Production and 36 nos. in Dispatch /sale.

Ever highest daily production achieved for Acetic acid, Urea, Methyl Formate, Formic acid, DNT-Bharuch, Hydrogen-Dahej.

Ever highest Monthly production achieved for Acetic acid, Methyl Formate, Formic acid, Technical grade Urea, DNT-Dahej, MTD-Dahej, Hydrogen-Dahej.

Ever highest yearly production achieved for Urea, Methyl Formate, Formic acid, Ethyl Acetate, Net AN Melt, CATSOL catalyst.

#### Production/ Operational Performance:

**Ammonia plant**, an emergency shutdown had to be taken in July'22 to attend adsorber mol-sieve slippage, which was effectively handled in 6 days. Plant was operated at more than 1850 MTPD for 333 days.

**Ammonia synthesis gas generation plant (ASGP)** plant load was varied according to Single/Two Gasifiers operation. LT Shift reactor deteriorated & catalyst were changed in annual shutdown in March 2023.

**Urea** plant had another golden year in its history & 27<sup>th</sup> Million MT of urea was produced in lowest days. Plant was operated at more than 2,500 MTPD for 128 days. New Reactor with latest super cup tray & higher grade liner MOC which is under manufacturing at M/S L&T, will be put up in service in next annual shutdown. New higher capacity Carbamate & molten Urea pump procurement is under progress to sustain higher productivity and consistency.



**Methanol-I, Methanol-II, SGGU & MSU** plants were not operated during most of the year due to very high NG price. Captive consumption requirements of Methanol for Formic acid & Acetic acid plants were met by sourcing Methanol from market.

**Formic Acid** Revamp project (additional production of 20 MTPD) was successfully commissioned in April 2022.

**Acetic Acid plant**, established continuous plant operation record of 237 days and 206 days with production level of >470 MTPD.

**Ethyl Acetate plant**, set highest continuous running hours operation & was operated for more than 130% load for 311 days.

In **WNA-I** plant, damage of Air compressor was observed (August 2022) & its rotor was replaced by new one. New Cooling tower erection work is taken up, which will remove limitation of cooling water temperature in summer and will also facilitate stand by availability of CT cell. To enhance production, installation of suction cooling coils & modification in chilled water system of absorption column is planned. Also, new boiler drum is being procured to accommodate higher capacity of process gas cooler.

In **ANP Plant**, in Rock Phosphate area, to unload higher capacity dumpers inside silo, increasing height of one silo is completed & other will be finished by August 2023. Morocco rock phosphate was procured & processing up to 70% blending with Jordan rock phosphate could be established with use of antifoam chemical. Online analyzer was provided in stack, as a part of Environment Compliance and better monitoring/control of fluoride.

**Aniline Plant** was operated for 269 on-stream days. Plant was operated with occasional stoppage & at lower load as per prevailing marketing conditions of Aniline, NB & CNA.

**TDI- Plant** was operated for 337 on stream days. Plant was operated on comparatively low load from May to July'22 due to non-availability of regular catalyst for MTD reactor & MTD operation was continued using palladium/platinum catalyst of Aniline reactor.

**TDI-II Dahej Plant** was operated for 258 days (on-stream days) during the year with capacity utilization of 74.65%. Yearly production target could not be achieved mainly on account of market constraints, higher input cost amid global geopolitical crisis and technical glitches faced in plant during the year. Annual shut down of plant was taken in July 2022. However ever highest Quarterly production of 13528 MTs was achieved during Q4 of FY 2022-23.

In **Steam & Power generation plant**, due to hike in fuel prices, operational philosophy for power generation was optimized. Techno-Economic Feasibility Study for installation of new 5<sup>th</sup> Coal fired CFBC type Boiler is completed. Investment decision will be taken in due course of time to enhance reliability of operation, cost economics and to elevate environmental performance.

In **Utility Group of Plants**, PLC conversion at DM plant was done. During the year, all water offtake agreements were renewed. SSNNL agreement which is one of the best water source & caters to 75% GNFC requirement has been renewed till 2027.

### ISO Certification

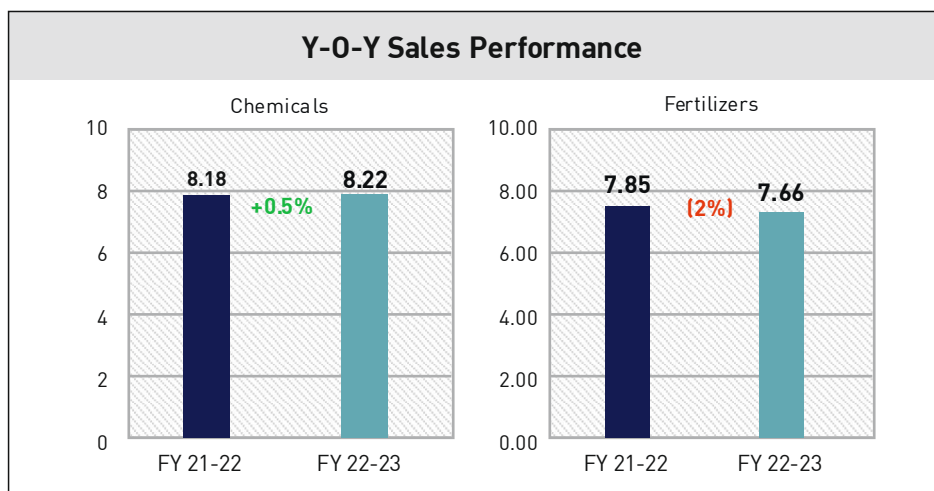
**ISO 14001:2015 and ISO 45001:2018** certificates from M/s. Bureau of Veritas India Ltd for GNFC complex Bharuch are valid up to 03<sup>rd</sup> September 2025.

**ISO 9001:2015 and ISO 50001:2018** certificates from M/s. Bureau of Veritas India Ltd for GNFC complex Bharuch is valid up to 07<sup>th</sup> May 2024 & 13<sup>th</sup> June 2024 respectively.

**ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018** certificates from M/s. Bureau of Veritas India Ltd for GNFC Dahej complex is valid up to 17<sup>th</sup> December 2025.

### 9.2. Sales Performance:

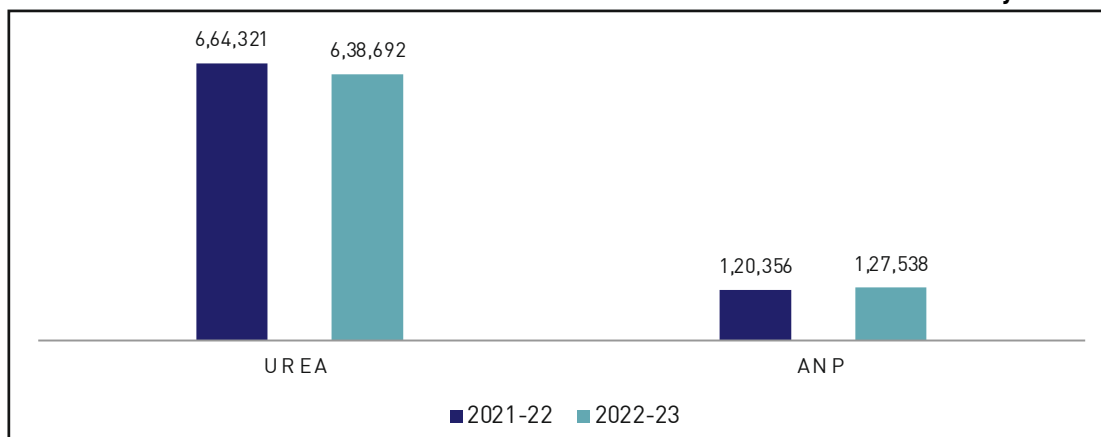
“Qty. in LMT”



#### Fertilizers Sales performance

The fertilizer sales was marginally reduced by ~2% for FY 2022-23 y-o-y. For Urea, sales was marginally decreased due to lesser availability. ANP sales was marginally increased due to comparatively higher availability during FY 2022-23.

“Qty. in LMT”



Trading operations continued and overall quantum is 84% higher compared to last year, however, there is a reduction in MOP, primarily due to higher MRP resulted into lower farmer demand. Increase in quantity of DAP was registered during the period due to good supply.

| <b>Fertilizer Trading (MT)</b> |                   |                   |                    |                   |
|--------------------------------|-------------------|-------------------|--------------------|-------------------|
| <b>Products</b>                | <b>FY 2022-23</b> | <b>FY 2021-22</b> | <b>Variance MT</b> | <b>% Variance</b> |
| City Compost                   | 3,230             | 2,809             | 421                | 15                |
| DAP                            | 17,452            | 6,927             | 10,525             | 152               |
| SSP                            | 6,705             | 3,782             | 2,923              | 77                |
| MOP                            | 816               | 1,266             | (450)              | (36)              |
| UREA (Traded)                  | 666               | 406               | 260                | 64                |
| Amm. Sulphate                  | 2,149             | 1,634             | 515                | 32                |
| <b>Total</b>                   | <b>31,018</b>     | <b>16,824</b>     | <b>14,194</b>      | <b>84</b>         |

In addition, an attempt was made to have a stronger synergy with GATL (wholly owned subsidiary of GSFC). The company sold non bulk agro products worth about one crore through their retail outlets during FY 2022-23. The company could offer a bigger range of agro products to our farmers and the volumes shall grow, going forward.

#### **Chemicals sales performance**

The demand for industrial products has not witnessed much uptrend due to overall slowdown in the market. Despite that the sales turnover of top ten industrial products in FY 2022-23 was 6% higher as compared to previous FY 2021-22. This was possible due to efficient product management, constant team efforts and prudent decision making.

Industrial products of the company have wide applications in various end use sectors as a result of which aggregate sales quantity of top ten products remained almost same in FY 2022-23 as compared to previous financial year. Some of the products could establish ever-highest pricing milestones even in highly aggressive competitive market.

### **9.3. Materials Management**

#### **Feed stock (FO/LSHS/FOHV) availability**

From inception of Company, IOCL have been meeting our entire requirement of feed-stock (FO/LSHS/FOHV/ LSHS Premium) to the Company. The current agreement signed between GNFC and IOCL for supply of FOHV and FO is valid up to Mid-2026.

#### **Long Term Contracts**

Company has entered into Long Term / Annual Contracts / Agreements for supplies of most of the critical Raw Materials like Coal, FOHV/FO, Rock Phosphate, Benzene, Toluene, Packaging Materials etc. which are essential for continuous production.

### 9.4. Comparative Financial Performance Highlights:

| Revenue from Operation | EBITDA            | PBT               | PAT               |
|------------------------|-------------------|-------------------|-------------------|
| ₹ 10,227<br>Crores     | ₹ 1,879<br>Crores | ₹ 1,932<br>Crores | ₹ 1,464<br>Crores |

Total Revenue from operation and Dividend

## Highest ever in the history of GNFC



Only manufacturer of Toluene Di-isocyanate (TDI) in South East Asia & Indian Sub-Continent

Charts A and B illustrate GNFC's financial performance

Chart A: EBITDA and EBITDA %

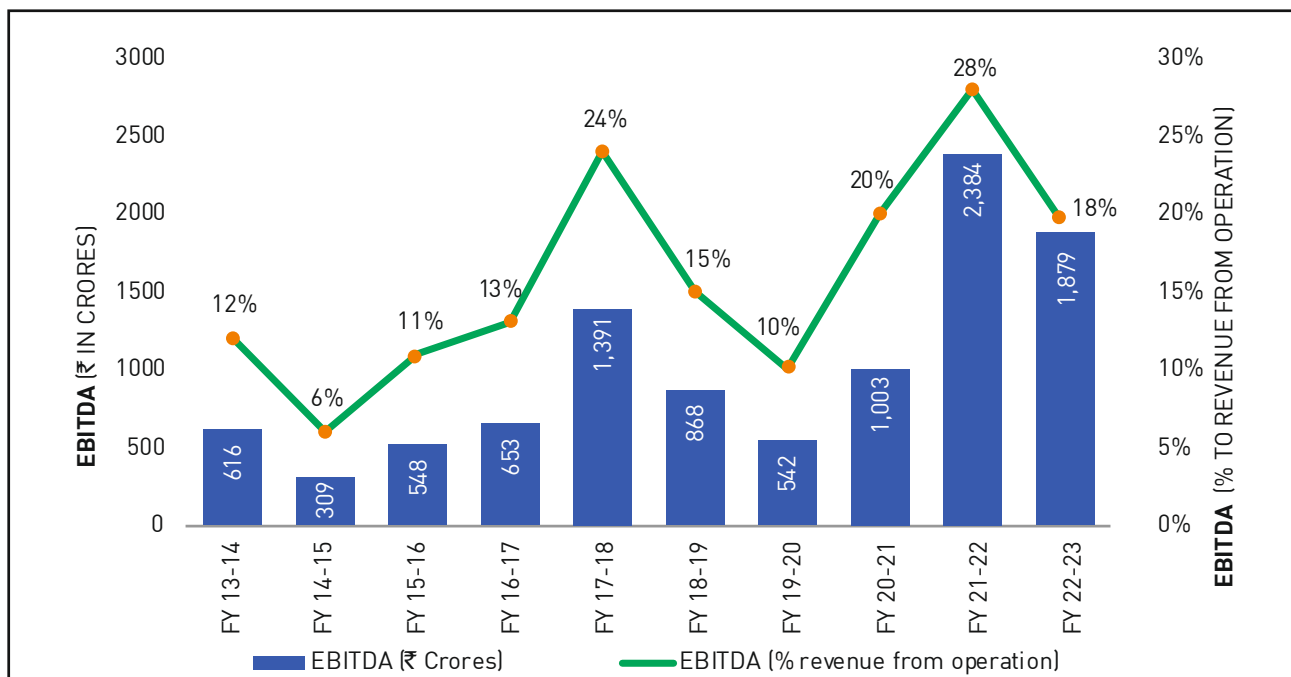
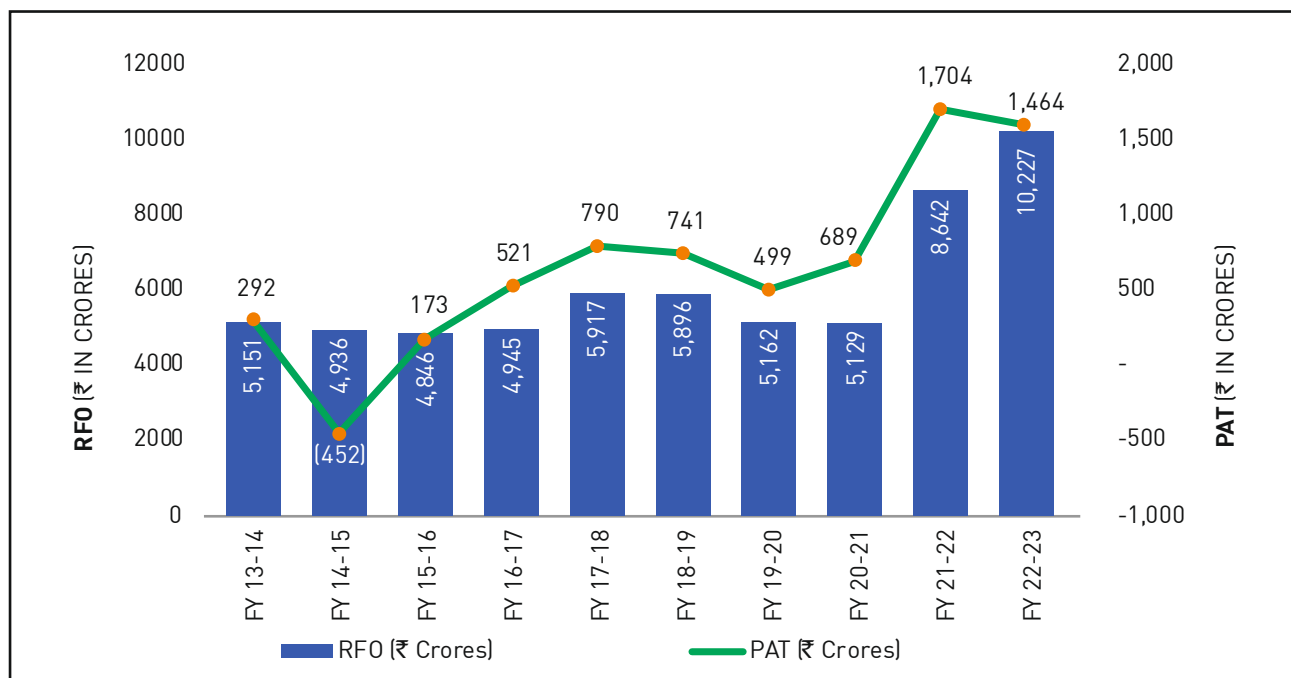


Chart B: Revenue from Operations (RFO) and PAT



(₹ Crores)

| Particulars              | FY 2022-23 | FY 2021-22 | Change  |      |
|--------------------------|------------|------------|---------|------|
|                          |            |            | Value   | %    |
| Revenue from Operations  | 10,227     | 8,642      | 1,585   | 18   |
| Other Income             | 361        | 210        | 151     | 72   |
| EBITDA @                 | 1,879      | 2,383      | (504)   | (21) |
| PBT                      | 1,932      | 2,298      | (366)   | (16) |
| PAT                      | 1,464      | 1,704      | (240)   | (14) |
| Book Value (₹ Per Share) | 579        | 508        | 71      | 14   |
| EPS (₹ Per Share)        | 94.20      | 109.62     | (15.42) | (14) |

@ EBITDA Excludes Other income

FY 2022-23 is a landmark year where revenue from operations has crossed ₹ 10,000 crores mark.

With this, the company reported highest ever revenue of ₹ 10,227 Crores; 18% more than previous highest reported revenue in last financial year which was a year of historic performance.

The higher revenue has come from, both, fertilizers and chemicals.

During FY 2022-23, GNFC has crossed over a billion USD worth of import substitution saving precious foreign exchange to the country and becoming active contributor to 'Make in India' initiative of Government of India.

### Cash Flow Summary

(₹ Crores)

| Particulars   | FY 2022-23 | FY 2021-22 | Change | Change in % |
|---|------------|------------|--------|-------------|
| Operating Cash Flow before Working Capital changes  | 1,975      | 2,486      | (511)  | (21)        |
| Net Change in Working Capital                       | (17)       | 109        | (126)  | (116)       |
| Taxes Paid  | (585)      | (628)      | 43     | 7           |
| Net cash from / (used in) Operating Activities      | 1,373      | 1,967      | (594)  | (30)        |
| Net cash from / (used in) Investing Activities      | (1,229)    | (1,899)    | 670    | 35          |
| Net cash from / (used in) Financing Activities      | (161)      | (130)      | (31)   | (24)        |
| Net (Decrease) / Increase in Cash & Cash Equivalent | (17)       | (62)       | 45     | 73          |

### 10. Material development in Human Resources/ Industrial Relations front including number of people employed

The company's Human Resource is one of the most valued contributors to the success of business of the company. Ensuring well-being of employees on the job and off the job remains top priority of the company with focused attention to provide an inclusive environment for promoting diversity in gender, age and culture and inculcating organizational values and ethics. The company makes all possible efforts for maintaining work life balance and improving the well-being of its employees through various welfare schemes leading to an atmosphere conducive to sustained growth of the company. The company conducts various in-house training programs on safety awareness, environmental protection, health awareness, awareness on sexual harassment policy, as also, for enhancing employee's skill and knowledge.

The company's proactive actions have resulted in harmonious, cordial and healthy industrial relations throughout the year which has helped in sustained growth and enrichment of value for the shareholders.

Rightsizing of the company and continuous enhancement of productivity, learning and skill sets of the employees remains the prime focus of the company.

The total strength of the human assets of the Company was 2490 on 31.03.2023.

### 11. Significant changes in key financial ratios along with explanations:

Key Financial Ratios (Standalone) for the Financial Year ended 31.03.2023 are provided here below:

| Particulars             | Units | FY 2022-23 | FY 2021-22 | Change (%) | Reason |
|-------------------------|-------|------------|------------|------------|--------|
| Debtors turnover        | Times | 20.61      | 15.23      | 35         | a      |
| Inventory turnover      | Times | 9.74       | 9.65       | 1          |        |
| Interest coverage       | Times | 357.13     | 688.95     | (48)       | b      |
| Current ratio           | Times | 3.77       | 3.58       | 5          |        |
| Debt equity ratio       | Times | -          | -          | -          |        |
| Operating profit margin | %     | 18.94      | 26.63      | (29)       | c      |
| Net profit margin       | %     | 14.31      | 19.71      | (27)       | d      |
| Return on net worth     | %     | 17.32      | 24.55      | (29)       | e      |

- Debtors turnover ratio improved by 35% mainly due to Due to decrease in average trade receivables on account of better realisation during the year and improved revenue from operation due to better market conditions.
- Interest coverage ratio has decreased by 48% mainly due to lower PBT and higher other income (which is excluded from calculation of Ratio) compared to previous year.
- Operating profit margin decreased by 29% mainly due to decrease in operating profit.
- Net profit margin decreased by 27% due to decrease in net profit by ₹ 240 Crores.
- Return on net worth decreased by 29% due to decrease in net profit by ₹ 240 Crores.

### 12. Cautionary Statement:

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

## NOTICE

NOTICE IS HEREBY given that the **47<sup>th</sup> Annual General Meeting (AGM)** of the Members of Gujarat Narmada Valley Fertilizers & Chemicals Limited will be held **on Tuesday the 26<sup>th</sup> September, 2023 at 3:00 P.M.** through two-way Video Conferencing ('VC') facility or Other Audio Visual Means ('OAVM') to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone Financial Statements and Audited Consolidated Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2023 and the Reports of the Board of Directors and Auditors' thereon.
2. To declare Dividend on equity shares for the Financial Year ended 31<sup>st</sup> March, 2023.
3. To appoint a Director in place of Shri Mukesh Puri, IAS (DIN: 03582870), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

#### 4. **Payment of remuneration as per the terms and conditions of appointment, Shri Vipul Mittra, IAS Chairman:**

To consider and, if thought fit, to pass the following Resolution **as a Special Resolution:**

**RESOLVED** that pursuant to the applicable provisions of Section 197 of the Companies Act, 2013 (the Act), Regulation 17(6) (ca) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (the SEBI Listing Regulations), (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof, for the time being in force), approval of the Shareholders be and is hereby accorded to the payment of remuneration to Shri Vipul Mittra, IAS (DIN: 03108280), as Non-Executive Chairman of the Company, in terms of the Resolution No. GNF/11-2001/2476/E dated the 20<sup>th</sup> July, 2023, of Energy & Petrochemicals Department (EPD), Govt. of Gujarat (GoG), for the period from 31-01-2023 till 31-07-2023."

**"RESOLVED FURTHER** that the Board of Directors and / or its delegated authority be and is / are hereby authorized to do and perform all the acts, deeds and things as may be deemed proper and expedient to give effect to the above Resolution."

#### 5. **Appointment of Shri Raj Kumar, IAS (DIN: 00294527) as Director and Chairman of the Company:**

To consider and, if thought fit, to pass the following Resolution **as an Ordinary Resolution:**

**"RESOLVED** that pursuant to the applicable provisions of the Companies Act, 2013 (the Act), that of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (the SEBI Listing Regulations), (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof, for the time being in force) and, the Govt. of Gujarat (GoG), Energy and Petrochemicals Department, Notification No. EPCD/GNF/e-file/20/2023/1412/E-Section dated 31<sup>st</sup> July, 2023, approval of the Shareholders be and is hereby accorded to the appointment of Shri Raj Kumar, IAS (DIN: 00294527) as a Director and Chairman of the Company for a tenure as may be deemed appropriate by the Government of Gujarat, not liable to retirement by rotation."

#### 6. **Ratification of remuneration payable to Cost Auditor of the Company for the financial year 2023-24:**

To consider and, if thought fit, to pass the following Resolution **as an Ordinary Resolution:**

**"RESOLVED** that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of ₹ 1,00,000/- (Rupees One Lakh) plus statutory levies and reimbursement of out of pocket expenses payable to the Cost Auditor, Mr. R K Patel, Proprietor of M/s R K Patel, Vadodara (Firm Registration No. 100180) for carrying out the audit of the cost records of the Company for the Financial

## 47<sup>th</sup> Annual Report 2022 – 2023

### NOTICE

Year, 2023-24, ending on 31<sup>st</sup> March, 2024, as recommended by the Audit Committee and approved by the Board of Directors, be and is hereby ratified.”

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

**By Order of the Board of Directors  
For Gujarat Narmada Valley Fertilizers & Chemicals Limited**

**CS AC Shah**  
Company Secretary & General Manager (Legal)  
Membership No. : ACS 7564

#### Registered Office:

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

CIN: L24110GJ1976PLC002903.

Tele No.: (02642) 247001, 247002.

Fax No.: (02642) 247084.

Email: investor@gnfc.in

Website: www.gnfc.in

Dated: 17<sup>th</sup> August, 2023.

#### NOTES:

1. Pursuant to General Circular Nos. 14/2020 dated April 8, 2020 and 17/2020 dated April 13, 2020, followed by General Circular Nos. 20/2020 dated May 5, 2020, and subsequent circulars issued in this regard, the latest being 10/2022 dated December 28, 2022 (collectively referred to as 'MCA Circulars') has permitted the holding of the AGM through Video Conferencing ('VC') or through Other Audio-Visual Means ('OAVM'), without the physical presence of the Members at a common venue.

Further, Securities and Exchange Board of India ('SEBI'), vide its Circulars dated May 12, 2020, January 15, 2021, May 13, 2022 and January 5, 2023 ('SEBI Circulars') and other applicable circulars issued in this regard, have provided relaxations from compliance with certain provisions of the SEBI Listing Regulations.

In compliance with the applicable provisions of the Act, SEBI Listing Regulations and MCA Circulars, the 47<sup>th</sup> AGM of the Company is being held through VC/OAVM on Tuesday the 26<sup>th</sup> September, 2023 at 3:00 P.M. (IST). The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company at the Board Room, P.O. Narmadanagar - 392 015, District: Bharuch

2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on a poll on his/her behalf and such a proxy need not be a Member of the Company. Since this AGM is being held pursuant to the above Circulars through VC/OAVM, the requirement of physical attendance of Members has been dispensed with. Accordingly, in terms of above Circulars, the facility for appointment of proxies by the Members will not be available for this AGM and hence the proxy form, attendance slip and route map of venue of AGM are not annexed to this Notice.
3. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.



4. The relative Explanatory Statement pursuant to Section 102 of the Act, in respect of the Business under Item Nos. 4 to 6 set out above is annexed hereto. The information required to be furnished under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations, 2015”) and Secretarial Standard – 2 on “General Meetings” issued by The Institute of Company Secretaries of India, in respect of persons seeking appointment / re-appointment as Directors are also annexed.
5. KFin Technologies Limited (formerly known as Kfin Technologies Private Limited) (“Kfintech”), the Registrar & Transfer Agents (RTA) of the Company, will be providing the facility for participation in this AGM through VC/OAVM and e-voting during the AGM. The procedure and instructions for participating in the AGM through VC/OAVM and remote e-voting at the AGM are provided as part of this Notice.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 20<sup>th</sup> September, 2023 to Tuesday, 26<sup>th</sup> September, 2023 (both days inclusive).

**A. ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT**

- (i) In compliance with the above mentioned (i) Circulars, the Annual Report 2022-23, the Notice of the 47<sup>th</sup> AGM, and instructions for e-voting are being sent through electronic mode to those Members whose email addresses are registered with the Company / RTA / Depositories.
- (ii) Members holding shares in physical mode and who have not updated their email addresses are requested to update their email addresses with the Company’s RTA by writing at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with the copy of the signed request letter mentioning the name and address of the Member, self-attested copy of the Income-Tax PAN card, and self-attested copy of any document (eg.: Driving License, Election Identity Card, Passport) in support of the address of the Member.  
  
Members holding shares in dematerialized mode are requested to register / update their email addresses with the relevant DPs. In case of any queries / difficulties in registering the e-mail address, Members may also write to [investor@gnfc.in](mailto:investor@gnfc.in).
- (iii) The Notice of AGM along with Annual Report for the financial year 2022-23, is available on the website of the Company at [www.gnfc.in](http://www.gnfc.in), on the website of Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited and is also available on the website of e-voting agency M/s KFin Technologies Limited at the website address <https://evoting.kfintech.com>

**B. INSTRUCTIONS TO SHAREHOLDERS FOR PARTICIPATING IN THE AGM THROUGH VC/OAVM AND FOR E-VOTING**

- (i) In compliance with the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 (including a.m. endments thereto) and Regulation 44 of the SEBI Listing Regulations, the Company is pleased to provide Members, the facility to exercise their right to vote on resolutions proposed to be considered at the 47<sup>th</sup> AGM by electronic means through e-voting. The facility of casting the votes by the Members using an electronic voting system for the 47<sup>th</sup> AGM (“remote e-voting/ e-voting”) will be provided by KFin Technologies Limited (“Kfintech”).
- (ii) Pursuant to the Circulars and in view of the prevailing situation, the Notice of the 47<sup>th</sup> AGM and the Annual Report for the year 2022-23 (including therein the Audited Financial Statements for year 2022-23), are being sent only by email to those Members whose email addresses are registered with the Company / Depositories / RTA. Therefore, those Members who have not yet registered their email addresses are requested to get their email addresses registered with their DP or RTA / Company for electronic and Physical Folios respectively, in the manner stated below. Process for registration of email address for obtaining Annual Report (if not received by the Member) and/or obtaining user ID/ password for e-voting and process for updation of bank account mandate for receipt of dividend are stated as hereunder:

## NOTICE

| Type of Holder          | Process to be followed  |   |
|-------------------------|---|---|
|                         | Registering email address   | Updating bank account details   |
| <b>Physical Holding</b> | Send a written request to the RTA of the Company, KFin Technologies Limited at Selenium Tower B, Plot 31 &32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500032, providing Folio Number, name of Member, copy of the share certificate (front and back), Income-Tax PAN (self-attested copy of Income-Tax PAN card), Aadhaar (self-attested copy of Aadhaar card) for registering email address. | Send a written request to the RTA of the Company, KFin Technologies Limited at Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500032, providing Folio Number, name of Member, copy of the Share Certificate (front and back), Income-Tax PAN (self-attested copy of Income-Tax PAN card), Aadhaar (self-attested copy of Aadhaar card) and self-attested copy of the cancelled cheque leaf bearing the name of the first holder for updating bank account details.<br><br>The following additional details / documents need to be provided in case of updating bank account details: <ul style="list-style-type: none"> <li>• Name and branch of the bank in which you wish to receive the dividend, the bank account type</li> <li>• Bank account number allotted by their banks after implementation of core banking solutions</li> <li>• 9-digit MICR Code Number</li> <li>• 11-digit IFSC</li> </ul> |
| <b>Demat Holding</b>    | Please contact your DP and register your email address and bank account details in your demat account, as per the process advised by your DP.   |   |

- (iii) It is clarified that for permanent registration of email address, the Members are requested to register their email address, in respect of electronic holdings with the Depository through the concerned DPs and in respect of physical holdings with the Company's RTA, KFin Technologies Limited, Selenium, Tower B, Plot 31 &32, Financial District, Nanakramguda, Serilingampally, Hyderabad-500 032, India, by following due procedure.
- (iv) Those Members who have already registered their email address are requested to keep their email address validated with their DPs / the Company's RTA- Kfintech, to enable servicing of Notices / documents / Annual Reports and other communications electronically to their email address.
- (v) The e-voting portal will open for voting on Friday, 22<sup>nd</sup> September, 2023 at 9:00 A.M. (IST) and shall end on Monday, 25<sup>th</sup> September, 2023 at 5:00 P.M. (IST) (both days inclusive). During this period, the Members of the Company holding shares either in physical form or dematerialized form, as on the cut-off date of Tuesday, 19<sup>th</sup> September, 2023 may cast their vote electronically. The e-voting module will be disabled by Kfintech on Monday, 25<sup>th</sup> September, 2023, post 5:00 P.M. (IST). Once vote on a resolution is cast by the Member, they shall not be allowed to change it subsequently or cast the vote again.
- (vi) The Company has appointed Shri J J Gandhi, Practicing Company Secretary (FCS 3519 and CP No. 2515) to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner.

- (vii) A Member may participate in the 47<sup>th</sup> AGM even after exercising his right to vote through remote e-voting, but shall not be allowed to vote again at the meeting.
- (viii) The Scrutinizer shall unblock the votes cast through remote e-voting in the presence of at least two witnesses, not in the employment of the Company and shall make, not later than 2 working days of the conclusion of the 47<sup>th</sup> AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- (ix) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.gnfc.in](http://www.gnfc.in) and on the website of Kfintech <https://evoting.kfintech.com> immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to BSE Limited and the National Stock Exchange of India Limited.
- (x) In case a person has become a Member of the Company after dispatch of the Notice but on or before the cut-off date for e-voting i.e Tuesday, 19<sup>th</sup> September, 2023, they may obtain the User ID and Password in the manner stated below. Institutional/ Corporate shareholders may write to Kfintech at: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).

### INSTRUCTION FOR REMOTE E-VOTING

#### In case of Physical Shareholders & Non-Individual (Physical / Demat):

If the mobile number of the Member is registered against Folio No./DP ID Client ID, the Member may send SMS: MYEPWD←space→ E-voting Event number + Folio No. (in case of physical shareholders) / DP ID Client ID (in case of Demat shareholders) to 9212993399.

|                        |                                 |
|------------------------|---------------------------------|
| Exa.m.ple for NSDL     | MYEPWD ←SPACE→ IN12345612345678 |
| Exa.m.ple for CDSL     | MYEPWD ←SPACE→ 1402345612345678 |
| Exa.m.ple for Physical | MYEPWD ←SPACE→ XXX1234567890    |

- (a) If email address or mobile number of the Member is registered against Folio No./ DP ID Client ID, then on the home page of <https://evoting.kfintech.com>, the Member may click "forgot password" and enter Folio No./ DP ID Client ID and Income-Tax PAN to generate a password.
- (b) Member may call Kfintech on toll free number 1800-3094-001 for all e-voting related matters [from 9:00 a.m. (IST) to 6:00 p.m. (IST) on all working day].
- (c) Member may send an email request to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) for all e-voting related matters.

If the Member is already registered with Kfintech's e-voting platform, then they can use their existing User ID and password for casting vote through remote e-voting.

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

|                                 |   |
|---------------------------------|---|
| Commencement of remote e-voting | Friday, 22 <sup>nd</sup> September, 2023 at 9:00 A.M. (IST) |
| End of remote e-voting          | Monday, 25 <sup>th</sup> September, 2023 at 5:00 P.M. (IST) |

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled/ blocked by Kfintech upon expiry of aforesaid period. Once the vote on a resolution is cast by the Member(s), they shall not be allowed to change it subsequently or cast the vote again.

## NOTICE

### Login method for e-voting:

As per the SEBI circular dated December 09, 2020 on e-voting facility provided by Listed Companies, Individual shareholders holding securities in Demat mode are allowed to vote through their demat account maintained with Depositories and DPs. Members are advised to update their mobile number and email address in their demat accounts in order to access e-voting facility.

| NSDL  | CDSL  |
|---|---|
| <ol style="list-style-type: none"> <li>1. Users already registered for IDeAS facility:                             <ol style="list-style-type: none"> <li>a) URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>.</li> <li>b) Click on the "Beneficial Owner" icon under 'IDeAS' section.</li> <li>c) On the new page, enter existing User ID and Password. Post successful authentication, click on "Access to e-voting".</li> <li>d) Click on company name or e-voting service provider and you will be re-directed to e-voting service provider website for casting the vote during the remote e-voting period.</li> </ol> </li> <li>2. User not registered for IDeAS e-Services**                             <ol style="list-style-type: none"> <li>a) To register click on link :<br/><a href="https://eservices.nsd.com">https://eservices.nsd.com</a>{Select "Register Online for IDeAS"} or <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>b) Proceed with completing the required fields.<br/>**(Post registration completion, follow the process as stated in point no.1 above)</li> </ol> </li> <li>3. First time users can visit the e-voting website directly and follow the process below:                             <ol style="list-style-type: none"> <li>a) URL:<a href="https://www.evoting.nsd.com">https://www.evoting.nsd.com</a></li> <li>b) Click on the icon "Login" which is available under 'Shareholder / Member' section.</li> <li>c) Enter User ID (i.e. 16-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen.</li> <li>d) Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page.</li> <li>e) Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period.</li> </ol> </li> </ol> | <ol style="list-style-type: none"> <li>1. Existing users who have opted for Easi / Easiest                             <ol style="list-style-type: none"> <li>a) URL:<br/><a href="https://web.cdslindia.com/myeasitoken/home/login">https://web.cdslindia.com/myeasitoken/home/login</a> or URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>b) Click on New System Myeasi.</li> <li>c) Login with user ID and password.</li> <li>d) Option will be made available to reach e-voting page without any further authentication.</li> <li>e) Click on e-voting service provider name to cast your vote.</li> </ol> </li> <li>2. User not registered for Easi / Easiest**                             <ol style="list-style-type: none"> <li>a) Option to register is available at <a href="https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration">https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration</a></li> <li>b) Proceed with completing the required fields.<br/>**(Post registration is completed, follow the process as stated in point no.1 above)</li> </ol> </li> <li>3. First time users can visit the e-voting website directly and follow the process below:                             <ol style="list-style-type: none"> <li>a) URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>b) Provide demat Account Number and Income-Tax PAN No.</li> <li>c) System will authenticate user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account.</li> <li>d) After successful authentication, user will be provided links for the respective Electronic Service Provider (ESP) where the e-voting is in progress.</li> <li>e) Click on company name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period.</li> </ol> </li> </ol> |

**Individual Shareholders (holding securities in demat mode) login through their DPs**

You can also login using the login credentials of your demat account through your DP registered with NSDL/CDSL for e-voting facility. Once login, you will be able to see e-voting option. Please click on e-voting option and you will be redirected to NSDL/CDSL Depository site after successful authentication. Click on Company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period.

**Important Note:**

Members who are unable to retrieve User ID / Password are advised to use “Forgot User ID” / “Forgot Password” options available on the websites of Depositories

| <b>Contact details in case of any technical issue on NSDL Website</b>   | <b>Contact details in case of any technical issue on CDSL Website</b>  |
|---|--|
| Members facing any technical issue during login can contact NSDL helpdesk by sending a request at <b>evoting@nsdl.co.in</b> or contact at <b>022 - 4886 7000 and 022 - 2499 7000.</b> | Members facing any technical issue during login can contact CDSL helpdesk by sending a request at <b>helpdesk.evoting@cdslindia.com</b> or contact at <b>contact at 1800 22 55 33.</b> |

**Login method for Non-Individual Shareholders and Shareholders holding securities in Physical Form:**

Non-individual shareholders and shareholders holding physical shares can directly login through <https://evoting.kfintech.com> for casting votes during the e-voting period.

**Procedure and Instructions for remote e-voting are as under:**

1. Initial Password is provided in the body of the email.
2. Launch internet browser and type the URL:<https://evoting.kfintech.com> in the address bar.
3. Enter the login credentials i.e. User ID and password mentioned in your email. Your Folio No. /DP ID Client ID will be your User ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting your votes.
4. After entering the details appropriately, click on LOGIN.
5. You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$,etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
6. You need to login again with the new credentials.
7. On successful login, the system will prompt the Member to select the e-voting Event Number “EVENT” for “GNFC Limited”.
8. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date, Tuesday, 19<sup>th</sup> September, 2023, under “FOR / AGAINST” or alternatively, Member may partially enter any number in “FOR” and partially in “AGAINST” but the total number in “FOR / AGAINST” taken together should not exceed their total shareholding as on the cut-off date. You may also choose the option ‘ABSTAIN’ and the shares held will not be counted under either head.
9. Members holding multiple folios / demat accounts shall choose the voting process separately for each of the folios/ demat accounts.

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### NOTICE

10. Voting must be done for each item of the Notice separately. In case Members do not desire to cast their vote on any specific item, it will be treated as abstained.
11. Members may then cast their vote by selecting an appropriate option and click on "SUBMIT".
12. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once a Member confirms, they will not be allowed to modify. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
13. Upon confirmation, the message 'Vote cast successfully' will be displayed. Once you have confirmed your vote, you cannot modify your vote.
14. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF/JPG Format) of the Board Resolution/Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at [jjgandhics@gmail.com](mailto:jjgandhics@gmail.com) with a copy to [evoting@kfintech.com](mailto:evoting@kfintech.com). The scanned image of the above mentioned documents should be in the naming format "GNFC Limited\_EVENT NO."
15. Shareholders will be provided with a facility to attend the Meeting through VC/OAVM provided by Kfintech. Shareholders may access the same by <https://emeetings.kfintech.com> and clicking "Video Conference" and access the Shareholders/ Members login by using the remote e-voting credentials. The link for Meeting will be available in Shareholder/ Members login where the EVENT and the name of the Company can be selected. Member's who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the instructions mentioned in point B(ii).
16. The Members can join the 47<sup>th</sup> AGM fifteen minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
17. Up to 1000 Members will be able to join the AGM on a first-come-first-served basis. However, this restriction shall not apply to large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.
18. Shareholders are encouraged to join the 47<sup>th</sup> AGM through Laptops with Google Chrome for better experience. Further shareholders will be required to switch on Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.
19. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
20. System requirements for best VC/OAVM experience:

| Instrument             | Description   |
|------------------------|---|
| <b>Cell phone</b>      | Android 6.0+ Google Chrome 28+ Mozilla Firefox 24+ (Chrome doesn't support screen sharing on Android). iOS 12.2+ Mobile Safari/WebKit (iOS 11+) (Safari Mobile doesn't support screen sharing on iOS) |
| <b>ioS PC/ Desktop</b> | Google Chrome (Best suggested) Firefox, Safari, Internet Explorer, Edge Microsoft Edge 12+ Google Chrome 28+ Mozilla Firefox, 22+ Safari 11+. Desktop should have outside mic and webca.m. introduced |

21. Voting at AGM held through VC/OAVM

- a) Only those Members/ Shareholders, who will be present in the AGM through VC/OAVM facility and have not casted vote earlier through remote e-voting are eligible to vote through e-voting during the AGM for 15 Minutes after conclusion of AGM.
- b) Members who have voted through remote e-voting will be eligible to attend the AGM.
- c) Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum of AGM under Section 103 of the Companies Act, 2013.
- d) Upon declaration by the Chairperson about the commencement of e-voting at AGM, Members shall click on the "Vote" sign on the left-hand bottom corner of their video screen for voting at the AGM, which will take them to the 'Instapoll' page.
- e) Members to click on the "Instapoll" icon to reach the resolution page and follow the instructions to vote on the resolutions.
- f) The Company has opted to provide the same electronic voting system at the Annual General Meeting, as used during remote e-voting and the said facility shall be operational till all the resolutions proposed in the AGM Notice are considered and voted upon at the Meeting but not exceeding 15 Minutes from the commencement of e-voting as declared by the Chairman at the AGM and can be used for voting only by those Members who hold shares as on the cut-off date viz. Tuesday, 19<sup>th</sup> September, 2023 and who are attending the meeting and who have not already cast their vote(s) through remote e-voting.

22. Speaker Registration during Meeting session:

- a) Members, who would like to express their views or ask questions during the AGM will have to register themselves as a speaker by visiting the URL <https://emeetings.kfintech.com> and clicking on the tab 'Speaker Registration' and mentioning their registered email id, mobile number and city, during the period starting from Thursday, 21<sup>st</sup> September, 2023 10:00 A.M. (IST) and will close on Sunday, 24<sup>th</sup> September, 2023 at 05:00 P.M. (IST). Only those Members who have registered themselves as a speaker will be allowed to express their views/ask questions during the AGM and the maximum time per speaker will be restricted to 3 minutes.
- b) The Company reserves the right to restrict the number of speakers and display of videos uploaded by the Members depending on the availability of time for the AGM. Please note that questions of only those Members will be entertained/considered who are holding shares of Company as on the cut-off date viz Tuesday, 19<sup>th</sup> September, 2023.
- c) A video guide assisting the Members attending AGM either as a speaker or participant is available for quick reference at URL <https://emeetings.kfintech.com/>.
- d) Members who need technical or other assistance before or during the AGM can contact Kfintech by sending email at [emeetings@kfintech.com](mailto:emeetings@kfintech.com) or Helpline: 1800 309 4001 (toll free). For any other kind of support/assistance related to the AGM, Members can also contact KFin Technologies Limited at 1800 309 4001.
- e) Due to limitations of transmission and coordination during the Q&A session, the Company may dispense with the speaker registration during the AGM.

23. In case of any queries related to e-voting/ participation in the AGM, you may refer to the Frequently Asked Questions (FAQ's) and e-voting user manual available in the "Downloads" section of <https://evoting.kfintech.com/> or contact KFin Technologies Limited at 1800 309 4001 (Toll Free).

### NOTICE

#### C. PROCEDURE FOR INSPECTION OF DOCUMENTS:

All documents referred to in the Notice along with the Statutory Registers maintained by the Company as per the Act will be available for inspection in electronic mode upto the date of the AGM of the Company and will also be available electronically for inspection by the Members during the AGM. Members seeking to inspect such documents can send an email to investor@gnfc.in.

#### D. DIVIDEND RELATED INFORMATION:

- A. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Tuesday, 19<sup>th</sup> September, 2023, i.e. the date prior to the commencement of book closure, being the cut-off date will be paid the Final Dividend for the financial year ended 31<sup>st</sup> March, 2023, as recommended by the Board, if approved at the AGM, on or after Tuesday, 03<sup>rd</sup> October, 2023.
- B. Members holding shares in demat form are hereby informed that bank particulars registered with their respective DPs, with whom they maintain their demat accounts, will be used by the Company for the payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the DPs of the Members. Members holding shares in demat form are requested to intimate any change in their address and/or bank mandate immediately to their DPs.
- C. Members holding shares in physical form are requested to intimate any change of address and/ or bank mandate to KFin Technologies Limited, Registrar and Share Transfer Agent of the Company by sending a request in Form ISR-1 at Selenium Building, Tower-B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana India – 500 032 or by email to einward.ris@kfintech.com from their registered email id. In case the Company is unable to pay the dividend to any shareholder by the electronic mode, due to non-availability of bank mandate, the Company shall dispatch the dividend warrant to such shareholder by post in due course.
- D. Shareholders may note that the Income Tax Act, 1961, as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a Company after 1<sup>st</sup> April, 2020 shall be taxable in the hands of the Shareholders. The Company shall therefore be required to deduct Tax at Source (TDS) at the time of making the final dividend. In order to enable us to determine the appropriate TDS rate as applicable, Members are requested to submit the documents in accordance with the provisions of the Income Tax Act, 1961.
- a. **For Resident Shareholders:** Tax at source shall be deducted under Section 194 of the Income Tax Act, 1961 at 10% on the amount of dividend declared and paid by the Company during financial year 2023-24, subject to PAN details registered/updated by the Member. If PAN is not registered/updated in the demat account/folio as on the cut-off date, TDS would be deducted @20% as per Section 206AA of the Income Tax Act, 1961.

No tax at source is required to be deducted, if during the financial year, the aggregate dividend paid or likely to be paid to an individual member does not exceed '5,000 (Rupees Five Thousand Only).

Further, in cases where the shareholder provides Form 15G (applicable to any person other than a Company or a Firm)/Form 15H (applicable to an Individual above the age of 60 years), provided that the eligibility conditions are being met, no TDS shall be deducted.

Notwithstanding the above, in case PAN of any Member falls under the category of 'Specified Person', the Company shall deduct TDS @20% as per Section 206AB of the Income Tax Act 1961.

- b. **For Non-resident Shareholders:** Tax at source shall be deducted under Section 195 of the Income-tax Act, 1961 at the applicable rates. As per the relevant provisions of the Income-tax Act, 1961, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to non-resident Members.



As per Section 90 of the Income Tax Act, 1961, Non-Resident Members may be entitled to avail lower TDS rate as per Double Taxation Avoidance Agreement (DTAA). To avail the Tax Treaty benefits, the non-resident Member will have to provide the following:

- Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the Member is a resident.
  - Self-declaration in Form 10F if all the details required in this form are not mentioned in the TRC.
  - Self-attested copy of the Permanent Account Number (PAN Card) allotted by the Indian Income Tax authorities, if any.
  - Self-declaration, certifying the following points:
    - a. Member is and will continue to remain a tax resident of the country of its residence during the financial year 2023-24;
    - b. Member is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
    - c. Member has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;
    - d. Member is the ultimate beneficial owner of its shareholding in the Company and dividend receivable from the Company; and
    - e. Member does not have a taxable presence or a permanent establishment in India during the financial year 2023-24.
- E. Notwithstanding the above, in case PAN falls under the category of "Specified Person", Member is mandatorily required to submit a declaration providing status of Permanent Establishment in India for financial year 2023-24. As per Section 206AB of the Income Tax Act 1961, if the said declaration is not furnished, the Company shall deduct tax at source at twice the applicable rate referred above.
- F. The Company shall not be obligated to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company of the documents submitted by the Non-Resident Member.
- G. Kindly note that the aforementioned documents are required to be submitted at <https://ris.kfintech.com/form15/> on or before 10<sup>th</sup> September, 2023, in order to enable the Company to determine and deduct appropriate TDS/withholding tax rate. No communication on the tax determination/deduction shall be entertained post 10<sup>th</sup> September, 2023. It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible.
- H. We shall arrange to e-mail the soft copy of TDS certificate to you at your registered e-mail ID in accordance with the provisions of the Income Tax Act 1961 after filing of the quarterly TDS Returns of the Company, post payment of the said Dividend.
- I. In accordance with the provisions of Section 124 and other applicable provisions, if any, of the Companies Act, 2013 and relevant Rules made there under, the Company has transferred the dividend amount, remaining unclaimed for a period of seven years from the respective date of transfer to 'Unpaid Dividend Account' for the Financial Years 1998-99 to 2015-16 to Investor Education & Protection Fund (IEPF), set up by the Central Government.
- J. Shareholders may claim their unclaimed dividend for the years prior to and including the financial year 2015-16 and the corresponding shares, from the IEPF Authority by applying in the prescribed Form No. IEPF-5. Shareholders may

### NOTICE

claim their unclaimed dividend for the years prior to and including the financial year 2015-16 and the corresponding shares, from the IEPF Authority by applying in the prescribed Form No. IEPF-5.

- K. The unclaimed dividend for the below mentioned years and the corresponding shares will be transferred by the Company to IEPF in accordance with the schedule given below. In this regard, we have informed, vide our letter dated 07<sup>th</sup> August, 2023, to all those shareholders who have not claimed their dividend amount for a consecutive period of seven years from financial year 2015-16, advising them to contact KFinTech at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) and claim their dividend amount before due date of transfer of shares to IEPF Authority. The due date of transfer of such shares to IEPF Authority is 31.10.2023.

| Financial Year | Dividend Identification No. | Date of Declaration of Dividend | Due Date for transfer to IEPF |
|----------------|-----------------------------|---------------------------------|-------------------------------|
| 2016-17        | 33 <sup>rd</sup>            | 29-09-2017                      | October, 2024                 |
| 2017-18        | 34 <sup>th</sup>            | 29-09-2018                      | October, 2025                 |
| 2018-19        | 35 <sup>th</sup>            | 26-09-2019                      | October, 2026                 |
| 2019-20        | 36 <sup>th</sup>            | 29-09-2020                      | October, 2027                 |
| 2020-21        | 37 <sup>th</sup>            | 23-09-2021                      | October, 2028                 |
| 2021-22        | 38 <sup>th</sup>            | 27-09-2022                      | October, 2029                 |

### E. OTHERS:

- Pursuant to SEBI Circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023, issued in supersession of earlier circulars issued by SEBI bearing nos. SEBI/HO/MIRSD/MIRSDRTAMB/P/CIR/2021/655 and SEBI/HO/MIRSD/MIRSDRTAMB/P/CIR/2021/687 dated November 3, 2021 and December 14, 2021, respectively, SEBI has mandated all listed companies to record PAN, Nomination, Contact details, Bank A/c details and Specimen signature for their corresponding folio numbers of holders of physical securities. **The folios wherein any one of the cited documents/details is not available on or after October 1, 2023, such folios shall be frozen by the RTA.**

However, the security holders of such frozen folios shall be eligible:

- To lodge any grievance or avail any service, only after furnishing the complete documents/details as mentioned above;
- To receive any payment including dividend, interest or redemption amount (which would be only through electronic mode) only after they comply with the above stated requirements.

The forms for updation of PAN, KYC, Bank details and Nomination viz., Forms ISR-1, ISR-2, ISR-3, SH-13 and the said SEBI Circular are available on our website at <https://www.gnfc.in/useful-forms/> **In view of the above, we urge Members holding shares in physical form to submit the required forms along with the supporting documents at the earliest.** The Company has completed the process of sending letters to the Members holding shares in physical form in relation to the above referred SEBI Circular. Members who hold shares in dematerialised form and wish to update their PAN, KYC, Bank details and Nomination, are requested to contact their respective DPs. Attention of the Members holding shares of the Company in physical form is invited to go through and submit the said Forms duly filled by email from their registered email id to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or by sending a physical copy of the prescribed forms duly filled and signed by the registered holders to **M/s. KFin Technologies Limited** at Selenium Building, Tower-B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddy, Telangana, India – 500 032.

Further, Members holding shares in physical form are requested to ensure that their PAN is linked to Aadhaar to avoid freezing of their folios. Such frozen folios shall be referred by RTA/Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002, after December 31, 2025.

2. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, 1<sup>st</sup> April, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are advised to convert their holdings in demat form.
3. As per the provisions of Section 72 of the Act, the facility for making nomination is available to the Members in respect of the shares held by them.

Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13, if a Member desires to change in nomination, the Member may submit the same Form SH-14, the said forms can be downloaded from the Company's website at <https://www.gnfc.in/useful-forms/>

4. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RT.A.M.B/P/CIR/2022/8 dated January 25, 2022 has mandated the Listed Companies to issue securities in demat form only while processing service requests viz. Issue of duplicate securities certificate; claim from Unclaimed Suspense Account; Renewal/Exchange of securities certificate; Endorsement; Sub division/Splitting of securities certificate; Consolidation of securities certificates/folios; Transmission and Transposition. Accordingly, Shareholders are requested to make service requests by submitting a duly filled and signed Form ISR-4, the format of which is available on the Company's website under the web link at <https://www.gnfc.in/useful-forms/> it may be noted that any service request can be processed only after the folio is KYC compliant. SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or RTA, for assistance in this regard.
5. As an ongoing endeavor to enhance Investor experience and leverage new technology, our registrar and transfer agents, KFIN Technologies Limited have been continuously developing new applications. Here is a list of applications that has been developed for our investors.

**Investor Support Centre:** A webpage accessible via any browser enabled system. Investors can use a host of services like Post a Query , Raise a service request , Track the status of their DEMAT and REMAT request , Dividend status , Interest and Redemption status , Upload exemption forms (TDS) , Download all ISR and other related forms.

<https://ris.kfintech.com/clientservices/isc/default.aspx>

**eSign Facility:** Common and simplified norms for processing investor's service requests by RTAs and norms for furnishing PAN, KYC details and Nomination requires that eSign option be provided to Investors for raising service requests. KFIN is the only RTA which has enabled the option and can be accessed via the link below.

<https://ris.kfintech.com/clientservices/isr/isr1.aspx?mode=f3Y5zP9DDNI%3d>

**KYC Status:** Shareholders can access the KYC status of their folio. The webpage has been created to ensure that shareholders have the requisite information regarding their folios.

<https://ris.kfintech.com/clientservices/isc/kycqry.aspx>

**KPRISM:** A mobile application as well as a webpage which allows users to access Folio details , Interest and Dividend status, FAQs, ISR Forms and full suite of other investor services.

<https://kprism.kfintech.com/signin.aspx>

### NOTICE

#### ANNEXURE TO THE NOTICE

**AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013, THE FOLLOWING EXPLANATORY STATEMENT SET OUT ALL MATERIAL FACTS RELATING TO BUSINESS MENTIONED UNDER ITEM NOS. 4 TO 6 OF THE ACCOMPANYING NOTICE.**

#### **Item No. 4:**

##### **Payment of remuneration as per the terms and conditions of appointment, Shri Vipul Mittra, IAS Chairman.**

The Govt. of Gujarat (GoG), General Administration Department (GAD), vide its Notification No. ALS/35.2023/08/G dated the 31<sup>st</sup> January, 2023, transferred and placed the services of Shri Vipul Mittra, IAS (DIN: 03108280), (RR: GJ: 1986), Additional Chief Secretary to Government, Panchayats, Rural Housing and Rural Development Dept., Gandhinagar, at the disposal of Energy & Petrochemicals Dept. (EPD), and nominated and appointed him as "Government Nominee Director" on the Board of Directors of GNFC ("the Company"), effective from 31<sup>st</sup> January, 2023. Ordinary Resolution for the appointment of Shri Vipul Mittra, IAS (DIN: 03108280) as Director and Chairman of the Company was approved by the Shareholders on 15<sup>th</sup> April, 2023, by way of a Postal Ballot.

GoG, Energy & Petrochemicals Department (EPD), vide its Resolution No. GNF/11-2001/2476/E dated the 20<sup>th</sup> July, 2023 has informed the Company about the terms of remuneration payable to Shri Vipul Mittra, IAS (DIN: 03108280) as Non-Executive Chairman of the Company, for the period of his appointment, with details of pay and allowances in line with the provisions of AIS (Condition of Services Residuary Matters) Rules, 1960.

Pursuant to the applicable provisions of Section 197(1)(ii)(A), (9), (10) of the Companies Act, 2013 and Regulation 17 (6) (ca) of the SEBI Listing Regulations, the remuneration payable to Shri Vipul Mittra, IAS (DIN: 03108280), is subject to approval of the Shareholders by way of a Special Resolution.

Accordingly, the proposal to pay remuneration to Shri Vipul Mittra, IAS (DIN: 03108280), as Non-Executive Chairman of the Company, w.e.f. 31-01-2023 being the date of appointment till 31-07-2023 being the date of Superannuation, is hereby placed for consideration and approval of the Shareholders.

Your Directors, therefore, commend the resolution for your approval by way of a Special Resolution as set out at Item No. 4 of the accompanying Notice.

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 set out at Item No. 4 of the accompanying Notice.

#### **Item No. 5:**

##### **Appointment of Shri Raj Kumar, IAS (DIN: 00294527) as Director of the Company.**

The Govt. of Gujarat (GoG) vide its Notification No. EPCD/GNF/e-file/20/2023/1412/E Section dated 31<sup>st</sup> July, 2023, nominated and appointed Shri Raj Kumar, IAS (DIN: 00294527), as a Director and Chairman of the Company.

Pursuant to the requirements of Regulation 17(1C) of SEBI Listing Regulations, 2015, the listed entity shall ensure that approval of Shareholders for appointment of a person on the Board of Directors is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier. The proposal is therefore submitted to the Shareholders for their approval.

Shri Raj Kumar, IAS, is a Gujarat Cadre Officer of Indian Administrative Services belonging to 1987 batch. He possesses a degree of B.Tech. in Electrical Engineering and Masters in Public Policy. He commands a very vast and varied experience. Shri Raj Kumar, IAS, has worked in various capacities covering a very wide spectrum of Government Departments, both at State and Central level at senior level.

Presently, Shri Raj Kumar, IAS is the Chief Secretary to Govt. of Gujarat (GoG), he has also served as Additional Chief Secretary, Home Department, GoG. He was Secretary, Department of Defense Production, Ministry of Defense, Govt. of India. He has been Chairman/Managing Director/Director in many Central and State PSUs, during his tenure in government service.

During his long spanning career, Shri Raj Kumar, IAS, has also participated in various national and international training programs covering a wide range of topics.

Shri Raj Kumar, IAS, has received many awards during his career in recognition of excellence in service and he also has several publications to his credit.

The details as required pursuant to Regulation 36 (3) of the SEBI Listing Regulations and Secretarial Standards as applicable, is given in Annexure – I, forming part of this Notice. Shri Raj Kumar, IAS (DIN: 00294527), does not hold any equity shares in the Company.

Your Directors, therefore, commend the resolution for your approval by way of an Ordinary Resolution as set out at Item No. 5 of the accompanying Notice.

Except Shri Raj Kumar, IAS (DIN: 00294527), being an appointee, 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 resolution set out at Item No. 5 of the accompanying Notice.

**Item No. 6:**

**Ratification of remuneration payable to Cost Auditors of the Company for the Financial Year 2023-24.**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Company is required to have the audit of its cost records conducted by a Cost Accountant in practice. Further, the remuneration payable to the Cost Auditor as recommended by the Audit Committee and approved by the Board of Directors has to be ratified by the Shareholders.

The Board of Directors, on the recommendation of the Audit Committee, through Circular resolution passed on dated 24<sup>th</sup> July, 2023, has approved the appointment of Mr. R K Patel, Proprietor of M/s R K Patel, Vadodara (Firm Registration No. 100180), as the Cost Auditor of the Company to conduct audit of the cost records of the Company for the Financial Year 2023-24, ending on March 31, 2024, at a remuneration of ₹ 1,00,000/- (Rupees One Lakh) plus statutory levies and reimbursement of out of pocket expenses.

Accordingly, consent of the Shareholders is sought by way of an Ordinary Resolution as set out at Item No. 6 of the accompanying Notice for ratification of the remuneration amounting to ₹ 1,00,000/- (Rupees One Lakh) plus statutory levies and reimbursement of out of pocket expenses payable to the Cost Auditor for the Financial Year ending on March 31, 2024.

None of the Directors or KMP of the Company and their respective relatives is/are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the accompanying Notice.

**By Order of the Board of Directors  
For Gujarat Narmada Valley Fertilizers & Chemicals Limited**

**CS A C Shah**  
Company Secretary & General Manager (Legal)  
Membership No. : ACS 7564

**Registered Office:**

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

CIN: L24110GJ1976PLC002903.

Tele No.: (02642) 247001, 247002.

Fax No.: (02642) 247084.

Email: investor@gnfc.in

Website: www.gnfc.in

Dated: 17<sup>th</sup> August, 2023.

## 47<sup>th</sup> Annual Report 2022 – 2023

### NOTICE

#### ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT / REAPPOINTMENT AS REQUIRED UNDER REGULATION 36 (3) OF THE LODR REGULATIONS AND APPLICABLE SECRETARIAL STANDARDS

| Na.m.e of Director  | Shri Mukesh Puri, IAS   | Shri Raj Kumar, IAS  |
|---|---|--|
| DIN   | 03582870  | 00294527   |
| Date of Birth   | 26-01-1964  | 06-01-1965   |
| Date of appointment/<br>change in terms of<br>appointment                     | 23-09-2021  | 01-08-2023   |
| Relationship with<br>Directors  | None  | None   |
| Expertise in specific<br>functional area                                      | <p>Shri Mukesh Puri, IAS (DIN: 03582870) has held several important positions in the State Government and Government of India such as Collector and District Magistrate; Dy. Director, Lal Bahadur Shastri National Academy of Administration (LBSNAA); Commissioner of Commercial Taxes; Principal Secretary, Education Department and Water Supply Department, Additional Chief Secretary, Urban Development &amp; Urban Housing Department, Government of Gujarat.</p> <p>Shri Mukesh Puri has also worked with UNICEF for a period of three years.</p> <p>He was Additional Chief Secretary-Agriculture, Farmers Welfare &amp; Co-Operation Department, GoG.</p> <p>Presently he is Additional Chief Secretary - Home Dept., GoG and also Managing Director of Gujarat State Fertilizers &amp; Chemicals Ltd. (GSFC), Vadodara.</p> | <p>Shri Raj Kumar, IAS (DIN: 00294527), has worked in various capacities covering a very wide spectrum of Government Departments, both at the State and the Central Government.</p> <p>Shri Raj Kumar, IAS, also served as Additional Chief Secretary, Home Department, GoG and Secretary, Department of Defense Production, Ministry of Defense, Govt. of India. He has been the Chairman/Managing Director/Director in many Central and State PSUs, during his tenure in government service. He has also participated in various national and international training programs covering a wide range of topics.</p> <p>Presently, he is the Chief Secretary to Government of Gujarat.</p> |
| Qualification(s)  | He is Post Graduate in Economics from Delhi School of Economics. He holds a Master's Degree in International Political Economics from the University of Tsukuba, Japan.   | He is B.Tech. in Electrical Engineering and also done Masters in Public Policy.  |
| Number of Shares held<br>in the Company as on<br>31 <sup>st</sup> March, 2023 | NIL   | NIL  |
| Directorships held in<br>other Companies*                                     | a) Gujarat Narmada Valley Fertilizers & Chemicals Limited (GNFC).   | a) Gujarat Narmada Valley Fertilizers & Chemicals Limited (GNFC).  |

| Na.m.e of Director  | Shri Mukesh Puri, IAS   | Smt.Gauri Kumar, IAS (Retd.)  |
|---|---|---|
|   | b) Gujarat State Fertilizers & Chemicals Limited (GSFC).<br>c) Indian Potash Limited.<br>d) Gromax Agri Equipment Limited.<br>e) Gujarat Green Revolution Company Limited (GGRC).<br>f) Gujarat State Seeds Corporation Limited.<br>g) Gujarat Agro-Industries Corporation Limited.   | b) Gujarat State Petroleum Corporation Limited (GSPC).<br>c) Gujarat State Petronet Limited (GSP).<br>d) Gujarat Gas Limited (GGL).<br>e) GSPL India Transco Limited.<br>f) GSPL India Gasnet Limited.<br>g) Gujarat State Fertilizers & Chemicals Limited (GSFC).<br>h) Sardar Sarovar Narmada Nigam Limited (SSNNL).  |
| Directorship in other Companies along with listed entities from which the person has resigned in the past three years*                | a) Urban Ring Development Corporation Limited.<br>b) Gujarat Metro Rail Corporation (GMRC) Limited.<br>c) Gujarat International Finance TEC-City Company Limited.<br>d) Gujarat Urban Development Company Limited.<br>e) Diamond Research and Mercantile City Limited.<br>f) Gujarat Industries Power Company Ltd. (GIPCL).<br>g) Gujarat Fibre Grid Network Limited. | a) Gujarat Mineral Development Corporation Limited (GMDC).<br>b) Gujarat Alkalies and Chemicals Limited (GACL).<br>c) Gandhinagar Railway and Urban Development Corporation Limited.<br>d) Dholera Industrial City Development Limited.<br>e) Dahej Sez Limited.<br>f) Gujarat State Police Housing Corporation Limited.<br>g) Gujarat Foundation for Entrepreneurial Excellence.<br>h) Defence Innovation Organisation.<br>i) Gujarat Rail Infrastructure Development Corporation Limited. |
| Chairman/Member of the Committee of Directors of other Companies in which she / he is a Director as on 31 <sup>st</sup> March, 2023** | a) Gujarat State Fertilizers & Chemicals Limited.<br><br>Member - Stakeholders' Relationship Committee.   | NA  |
| Number of Board Meetings attended during the year 2022-23   | 5 of 5  | NA  |

As per disclosures received from Directors.

\*\*Committee Membership includes only Audit Committee and Stakeholders' Relationship Committee of Public Limited Company (whether Listed or not).

# 47<sup>th</sup> Annual Report 2022 – 2023

## DIRECTORS' REPORT

### DIRECTORS' REPORT

To,  
**The Members,**

Your Directors have immense pleasure in presenting this 47<sup>th</sup> Annual Report on the Company's business and operations together with Audited Financial Statements (Standalone and Consolidated) for the Financial Year (FY) ended on 31<sup>st</sup> March, 2023.

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

During the year under review, the Company achieved remarkable performance on operational and financial fronts. The Company established total eighty (80) new Records during the FY 2022-23, out of which forty four (44) Records were established in Production and thirty six (36) for Sale / Dispatch.

The Financial Highlights on Standalone basis are summarized, as follows:

| Particulars   | Standalone     |         |
|---|----------------|---------|
|   | 2022-23        | 2021-22 |
| Revenue from operations   | 10,227         | 8,642   |
| Other Income  | 361            | 210     |
| Total Income  | 10,588         | 8,852   |
| Total Expenditure   | 8,348          | 6,259   |
| Profit before Depreciation, Finance Cost and Tax                          | 2,240          | 2,593   |
| Depreciation and Amortisation   | 303            | 292     |
| Finance Cost  | 5              | 3       |
| Profit Before Tax   | 1,932          | 2,298   |
| Tax Expense   | 468            | 594     |
| <b>Net Profit for the year</b>  | <b>A</b>       | 1,704   |
| Re-measurement (loss)/gain on defined employee benefit plans (Net of tax) | <b>B</b>       | 15      |
| Balance brought forward from previous year                                | <b>D</b>       | 2,481   |
| Amount available for Appropriation  | <b>A+B+C+D</b> | 4,200   |
| <b>Appropriations :</b>   |                |         |
| Dividend paid   | 155            | 125     |
| Transferred to General Reserve  | 200            | -       |
| <b>Surplus carried to Balance Sheet</b>                                   | <b>5,115</b>   | 4,075   |

#### COMPANY'S PERFORMANCE OVERVIEW

##### 1.0 Operational Performance:

The Company has achieved remarkable production performance during the FY 2022-23. Day to day Plant Operations were closely reviewed and optimised to maximize profit.



During the year, following Plants achieved over 100% capacity utilization level. Ammonia (6,79,535 MTs i.e. 152.53%), ASGP (3,69,823 MTs i.e. 100.06%), Urea (8,35,863 MTs i.e. 131.24%), Methyl Formate (33,650 MTs i.e. 147.59%), Formic Acid (25,461 MTs i.e. 254.61%), Acetic Acid (1,62,563 MTs i.e. 162.56%), Weak Nitric Acid-I (3,03,248 MTs i.e. 122.52%), Weak Nitric Acid-II (1,28,095 MTs i.e. 128.10%), CNA-III (49,890 MTs i.e. 100%), TDI-I (17,669 MTs i.e. 126.21%), MTD-I (14,436 MTs i.e. 122.30%), Ethyl Acetate (68,658 MTs i.e. 137.32%). During the year, strategic optimization of various Plant Operations and product mix had been done keeping in line with price of raw materials so as to achieve cost reduction in all aspects.

TDI-II Dahej operated for 258 days (on-stream days) during the year with capacity utilization of 74.65%. Yearly production of 37,322 MT has been achieved against target of 58,010 MT, which is lower mainly on account of market constraints, higher input cost amid global geopolitical situation and technical glitches faced in the Plant during the year. Annual shut down of the Plant was taken in July, 2022.

Anxiety was faced in SAC (Sulphuric Acid Concentration) plant as two failures of SA91 storage tank along with exchangers E31803 & E31802 occurred on 30.11.2022 and 04.01.2023 respectively, which were successfully overcome by in-house efforts and modifications which averted long shutdown of TDI-II Plant.

## 2.0 Financial Performance:

Your Directors are happy to share with you the highlights of Annual Financial Results (AFRs) achieved by your Company for the FY 2022-23 on Standalone basis.

The company reported highest ever revenue of ₹ 10,227 Crores; 18% more than previous highest reported revenue in last financial year which was a year of historic performance.

On the back of strong financials, the Board of Directors at its meeting held on 18<sup>th</sup> May, 2023, Chaired by Shri Vipul Mittra, IAS has recommended dividend of 300% which is the highest ever dividend.

## SALES

### 1.0 Industrial Products:

The Chemical industry as a whole and our Industrial Products market witnessed trend towards normalisation during the FY 2022-23. In the previous year, most of our products attained historical highest prices. Overall there is slump in demand of various chemicals due to recession like situation particularly in Europe. In spite of such a situation, we could achieve ever highest annual sales for some of our main products. GNFC's products have better resonance due to their application and use in different end use sectors. The sales volume of our top ten industrial products increased by 6% in FY 2022-23 compared to previous year.

### 2.0 Fertilizer Business:

During the FY 2022-23, your Company has achieved total sales of 6.39 Lakhs Metric Tonnes of Urea which was a little lower than the previous year (i.e. 6.64 Lakh Metric Tonnes). Sales of Nitrophosphate (20-20-0) stood at 1.28 Lakh Metric Tonnes, marginally higher to 1.20 Lakhs Metric Tonnes in the FY 2021-22. Decreased sales volume of Urea was mainly for maintaining production to the levels of re-assessed capacity i.e. 6.37 Lakh Metric Tonnes, to avoid loss in subsidy realization. Nitrophosphate was sold as per the availability. During the FY 2022-23, the Company could increase retail sales of Urea to 94,222 metric Tonnes from 84,355 metric Tonnes of FY 2021-22 through its own Narmada Khedut Sahay Kendras (NKSs).

During the year, Trading Activities were also continued in Muriate of Potash (MoP), Di-Ammonium Phosphate (DAP), Ammonium Sulphate (AS), Single Super Phosphate (SSP) and City Compost. A total quantity of 31,018 Metric Tonnes of Fertilizers were sold during the FY 2022-23 against 16,824 Metric Tonnes sold in 2021-22. Besides, GNFC sold non-bulks agri inputs worth ₹ 97.06 Lakh through NKSs.

### DIRECTORS' REPORT

#### 3.0 (n)Code Solutions – IT Division:

During the FY 2022-23, (n)Code Solutions - IT Division of the Company continued to provide IT services such as Digital Signature Certificates, PKI Solutions, e-Procurement and e-Auction services, Smart City/System Integration, Data Centre Operations, software/application development & support etc. Our commitment to innovation, excellence, and customer satisfaction helped us achieve growth in almost every business vertical.

(n)Code Solutions registered a Profit Before Tax (PBT) of ₹ 36 Crore for the FY 2022-23, an increase of ~50% from the previous year's PBT of ₹ 24 Crore. Our total sales for the FY 2022-23 were ₹ 74 Crore compared to the previous year's total sales of ₹ 73 Crore. (n) Code Solutions successfully managed all business and support activities with full client satisfaction.

(n)Code Solutions has also secured several prestigious projects, including the implementation of e-Passport initiative of the Government of India (Gol); "Ease of Doing Business" initiative for the Central Bureau of Narcotics (Ministry of Finance – Revenue Dept. Gol) to digitize business processes and promote ease of access and prompt service and development and implementation of an online system ('Coal Distribution Management System') for distributing and allocating coal quota received from the Central Govt. for Gujarat Mineral Development Corporation (GMDC).

Looking ahead, our aspiration is to expand our reach across India and bring greater convenience to business through our comprehensive range of software solutions, including innovative products such as e-tender, e-Auction, Digital Solutions, integrated Mining solutions etc. By leveraging the latest digital technology, we are committed to providing our clients with the tools they need to succeed in today's competitive marketplace.

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

#### DIVIDEND:

Keeping in view the Company's performance for the FY 2022-23, long term growth strategy and to ensure that the Shareholders get sustained return on their investment, your Directors have recommended a Dividend of ₹ 30/- per share (@ 300%) on 15,54,18,783 Equity Shares of 10/- each fully paid up, subject to approval of Shareholders at the Annual General Meeting. On its approval, the Dividend payout will work out to ₹ 466.26 Crore. This amounts to 31.85% of the Net Profit of the Company.

#### APPROPRIATIONS:

Your Company has registered a Net Profit of ₹ 1,463.98 Crore for FY 2022-23. After deducting there from ₹ 68.79 Crore being the re-measurement loss on defined employee benefit plans and adding thereto ₹ 4,075.39 Crore being the balance of Statement of Profit & Loss brought forward from previous year, an amount of ₹ 5,470.58 Crore is available for appropriation. Out of this, ₹ 155.42 Crore is appropriated towards payment of Dividend of FY 2021-22 and ₹ 200 Crore is transferred to General Reserve. The balance amount of ₹ 5,115.16 Crore is proposed to be carried to Balance Sheet.

#### TRANSFER TO RESERVES:

The Board of Directors has decided to transfer ₹ 500 Crore of profits of FY 2022-23 to General Reserve.

#### FERTILIZER INDUSTRY – GOVERNMENT POLICY:

Government Policy in respect of fertilizers pricing has not underwent any change during the FY 2022-23. However, Government has come up with following new directives aiming towards reforms.

Introduction of 'One Nation One Fertilizer (ONOF)' in all fertilizers. After deliberations and discussions with the Industry, ONOF has been implemented in all fertilizers including Urea, DAP, MOP and NPK. It has begun with imported urea on 02.10.2022, indigenous Urea on 01.12.2022, DAP & NPK on 01.01.2023.

Dept. of Fertilizers (DoF) has started giving movement plans of Urea and other non-Urea fertilizers through a linear programme of RITES (Rail India Technical & Economic Service Limited). The objective is to avoid crisscross movement of fertilizers thereby saving primary freight cost.

As another step, Govt. has introduced 'Pradhan Mantri Krishi Samraddhi Kendra' (PMKSK), which is being implemented across the country. All the fertilizers companies, including GNFC have been allotted 3.30 Lakh retail shops in India to convert as PMKSKs. The Govt. is looking to develop the retail shops as primary destination for advisory to the farmers besides offering agri services and all agri inputs under one roof.

Nutrient Based Subsidy (NBS) was announced on six monthly basis during 2022-23. For GNFC's Nitrophosphate the NBS Subsidy was ₹ 32,940 per Metric Tonnes in first half and ₹ 32,991 per Metric Tonnes during second half of the year.

### **On-Going Projects / New Projects/ Revamp Schemes:**

Your Company is continuously looking for the growth opportunities and has initiated actions for implementation of various projects / Revamp Schemes as follows:

#### **1. Formic Acid Capacity Enhancement:**

GNFC implemented Formic Acid (FA) capacity enhancement Project to increase the capacity by 20 MTPD (6,800 MT per annum). Project commissioned in April, 2022 & required designed capacity achieved in June, 2022.

#### **2. Concentrated Nitric Acid (CNA) – IV Plant:**

With the increase in captive consumption of CNA for TDI, market share of the Company is reducing. Hence, the Company has successfully commissioned CNA-IV expansion Project with a capacity of 150 MTPD, in July, 2023.

#### **3. 04 MW Solar Power Plant Project:**

To fulfil Renewable Purchase Obligation (RPO), your Company is implementing four 04 MW Solar Power Project at Charanka Solar Park. The Project will be completed by First Quarter of FY 2023-24.

#### **4. Ammonia Plant revamp**

At present, your Company is producing about 1,950 MTPD Ammonia from both fuel oil and natural gas route after installation of S-300 revamp. It is planned to increase the Ammonia production capacity from 1,950 MTPD to 2,100 MTPD by installation of Ammonia Make-up Gas Converter Loop [AMUGL], in existing Ammonia Synthesis Loop (ASL). The Project will also increase the reliability of existing ASL.

This will increase Ammonia production by 50,000 MT per annum which will be consumed for new Weak Nitric Acid and Ammonium Nitrate Plants. Agreement has been signed with M/s. Haldor Topsoe, Denmark, the Technology Licensor, to implement the Project in EPC mode.

#### **5. Coal based Captive Co-generation Power Plant at Dahej:**

The Company has set up 100 MT/Hr. capacity gas based Boiler at TDI - II Dahej Complex to meet captive steam requirement, while power is being sourced from DGVCL Grid. There is large variation in gas prices.

Approval from the Board of Directors for implementation of Coal based Captive Co-Generation Power Plant (CCPP) Project having a capacity to produce 18 MW Power and 150 MT/ Hr. Steam was availed in October, 2022, in order to reduce cost of steam and Power and to improve reliability of TDI-II Dahej Plant. LSTK Contract has been awarded to M/s Thyssenkrupp Industries India Pvt. Ltd., in October, 2022. The Project is expected to be completed by April, 2025.

#### **6. Weak Nitric Acid-III (WNA-III) and Ammonium Nitrate-II (AN-II) Project:**

Your Company is planning to expand its capacity of WNA and AN considering future market growth. Two separate NITs for WNA-III with capacity of 600 MTPD and AN-II with capacity of 480 MTPD have been floated. After consumption of WNA in

## 47<sup>th</sup> Annual Report 2022 – 2023

### DIRECTORS' REPORT

AN-II, surplus WNA will be sold out in the domestic market. AN-II will have facility to produce both Low Density Ammonium Nitrate (LDAN) and High Density Ammonium Nitrate (HDAN), being used mainly in explosives manufacturing.

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

Pursuant to the provisions of Sections 134(3)(c) read with 134(5) of the Companies Act, 2013, your Directors confirm that–

- (i) in the preparation of Annual Accounts for the financial year ended 31<sup>st</sup> March, 2023, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- (ii) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at end of the financial year on 31<sup>st</sup> March, 2023 and of the profit of the Company for that period;
- (iii) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, if any;
- (iv) they had prepared Annual Accounts on a going concern basis;
- (v) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

There have been no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of financial year of the Company to which the Financial Statements relate and the date of the Report.

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

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

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

Pursuant to Section 129(3) of the Act, read with Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 [the SEBI Listing Regulations, 2015], as amended, the Company has prepared Consolidated Financial Statements in respect of Associate Company GGRCL for the FY 2022-23 and forms part of this Annual Report.

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

The Company has not made any investment in other bodies corporate or given any Loan or Guarantee or provided any Security in connection with loan to any other body corporate or person during the FY 2022-23.

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

The Policy for Related Party Transactions (RPTs) deals with review and approval of RPTs and the same is available on the Company's Website at web link <https://www.gnfc.in/wp-content/uploads/2021/04/Related-Party-Transactions-Policy.pdf>. The Audit Committee has granted Omnibus approval for RPTs, which are routine and repetitive in nature, based on the criteria approved by the Board of Directors within the overall framework of the said Policy. All RPTs under the Omnibus approval are placed before the Audit Committee periodically for its review and approval.

The Company has not entered into any contract or arrangement with related parties, as referred to in Section 188(1) of the Act during the FY 2022-23. Hence, the disclosure of RPTs in Form AOC-2, as required under Section 134(3)(h) of the Act, is not applicable to your Company. Details of Related Party as per Ind AS-24 are given in **Note No. 37** to the Standalone Financial Statements.

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

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

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

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

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

Presently, there are seven Committees of the Board as follows:

1. Audit Committee (AC);
2. Stakeholders' Relationship Committee (SRC);
3. Nomination and Remuneration Committee (NRC);
4. Corporate Social Responsibility (CSR) Committee;
5. Risk Management Committee (RMC);
6. Project Committee (PC); and;
7. Human Resource Development Committee (HRDC).

Details of composition of the Board and its Committees, which are mandatorily required to be constituted, major Terms of Reference of these Committees, Meetings held during the year and attendance of Directors at such Meetings are furnished in the 'Report on Corporate Governance' forming part of this Report.

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

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

The Company has formulated a Nomination, Remuneration & Evaluation Policy as required under Section 178 of the Act and SEBI (LODR) Regulations, 2015 and the same is available on the Company's website at web link [https://www.gnfc.in/wp-content/uploads/2021/04/GNFC-NRC-Policy\\_11815.pdf](https://www.gnfc.in/wp-content/uploads/2021/04/GNFC-NRC-Policy_11815.pdf). The details of remuneration paid to Directors / Key Managerial Personnel / Senior Management and other employees are furnished in the Report on Corporate Governance, forming part of this Report.

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

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

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

##### **Chairman of the Company:**

Shri Vipul Mittra, IAS, was nominated and appointed as Chairman of the Company by the Govt. of Gujarat (GoG), w.e.f. 31.01.2023.

## 47<sup>th</sup> Annual Report 2022 – 2023

### DIRECTORS' REPORT

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

In terms of Section 152 of the Act, Shri Mukesh Puri, IAS will retire by rotation at this AGM and being eligible, offers himself for re-appointment.

#### **Declaration by Independent Directors:**

In terms of Section 149(7) of the Act and the SEBI Listing Regulations, 2015, the Company has received necessary Declarations for the FY 2023-24, from all Independent Directors, to the effect that they meet with the criteria of independence as laid down in Section 149(6) of the Act and Regulation 16(1) (b) of the SEBI Listing Regulations, 2015, as amended.

#### **Change in Directorate:**

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

Your Directors place on record their deep sense of appreciation for the valuable services rendered by the outgoing Director(s) and take this opportunity to welcome the incoming Director(s).

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

The IEPF Rules, mandate Companies to transfer Shares of Members whose Dividends remain unpaid / unclaimed for a continuous period of seven years to the Demat account of the IEPF Authority. The Shareholders whose Dividend / Shares are transferred to the IEPF Authority can claim their shares / dividend from the Authority.

In terms of the provisions of IEPF Rules / Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, the Company did not pay any Dividend for the FY 2014-15, thus there was no Unpaid/ Unclaimed Dividend and no Shares were liable to be transferred to IEPF during the FY 2022-23.

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

Requisite details have been furnished in "Report on Corporate Governance" forming part of this Report.

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

The Company has in place Risk Management Policy (RMP). Under this Policy, various risks pertaining to Operations & Maintenance of the Plants, financial and other organizational risks are assessed, evaluated and continuously monitored for taking effective steps for its mitigation.

In compliance with Regulation 21 of the SEBI Listing (Amendment) Regulations, 2018, the Board of Directors has constituted a Risk Management Committee (RMC) defining its Terms of Reference (ToR), in its Meeting held on 11th February, 2019. The details as to the constitution of RMC and its major ToR included in the "Report on Corporate Governance" are forming part of this Report.

The Risk Management Report, inter-alia, containing major anxiety areas of risks and action plan for its mitigation and noteworthy risk management activities carried out by the Company is put up before the Meetings of the Audit Committee, RMC and the Board of Directors for its review.

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

#### **ANNUAL RETURN**

Pursuant to Section 92(3) read with Section 134(3) (a) of the Act, the Draft Annual Return in Form MGT-7 as on March 31, 2023 is available on the Company's website at <https://www.gnfc.in/statistics-annual-report/#1661838618831-f3392cb8-b234>

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

In accordance with the requirements of Section 135 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted a Corporate Social Responsibility (CSR) Committee and formulated a CSR Policy. As a responsible corporate, the Company has been undertaking societal activities / projects directly as well as through its CSR arm - Narmadanagar Rural Development Society (NARDES) in the major areas which are covered in the CSR Policy and Schedule-VII to the Act.

The Company's CSR Policy is available on the Website of the Company at web link [https://www.gnfc.in/wp-content/uploads/2021/04/CSR-Policy-Revised\\_17-05-2021.PDF](https://www.gnfc.in/wp-content/uploads/2021/04/CSR-Policy-Revised_17-05-2021.PDF)

As per the provisions of Section 135 of the Act, the statutory amount (i.e. 2% of the average net profits of the last three Financial Years) that was required to be spent by the Company for various CSR Activities/Projects, during the FY 2022-23, was ₹ 24.20 Crore. The Company had actually spent ₹ 24.27 Crore towards various CSR Activities/Projects during the FY 2022-23. During the FY 2022-23, no amount (being excess spending of previous FY) was available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Pursuant to Rule 12 of Companies (Accounts) Rules, 2014, the Company has filed statutory Form CSR-2 for FY 2021-22 on 28.03.2023.

Annual Report on CSR activities as required under Rule 9 of the Companies (Accounts) Rules, 2014 read with Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as Annexure - A to this Report.

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

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

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

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

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

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

- Declaration by Managing Director regarding compliance of the Company's Code of Conduct by the Board Members and Senior Management Personnel.
- Certificate by Practicing Company Secretary certifying:
  - (i) compliance of the conditions of Corporate Governance by the Company; and
  - (ii) that none of the Directors 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 or any such Statutory Authority.

### **BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT:**

Business Responsibility and Sustainability Report (BRSR) is based on Environment, Social and Governance (ESG) norms and Sustainable Development Goals. Your Company has strived to actualize the principles of responsible business conduct in letter and spirit and is conducting its Business in a manner that creates shared values for all Stakeholders whilst aiming to achieve the best targets on ESG fronts.

## 47<sup>th</sup> Annual Report 2022 – 2023

### DIRECTORS' REPORT

Your Company has adopted to report under the new reporting guidelines prescribed by the SEBI for FY 2022-23. The report is appended as Annexure - B, forming part of this Report.

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

As required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, requisite information on conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is furnished in the enclosed Annexure - C, forming part of this Report.

#### **PARTICULARS OF EMPLOYEES AND REMUNERATION:**

There were 2,273 permanent employees of the Company as of 31st March, 2023. The disclosures with respect to the remuneration of Directors and employees as required under Section 197 of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (the 'Rules') have been appended as Annexure - D, forming part of this Report. Details of employee remuneration as required under the provisions of Section 197 of the Act and Rule 5(2) and 5(3) of the Rules are available to any Shareholder for inspection on request. If any Shareholder is interested in obtaining a copy thereof, such Shareholder may write to the Company Secretary, where upon a copy would be sent through email only.

#### **AUDITORS AND AUDITORS' REPORT:**

Pursuant to the provisions of Section 139 and other applicable provisions of the Act and relevant Rules made there under, the Shareholders of the Company had at their 45th AGM held on 23rd September, 2021 appointed M/s Suresh Surana & Associates LLP, Mumbai, Chartered Accountants, a Member firm of RSM International as Statutory Auditors of the Company for a term of Five (5) consecutive years, until conclusion of the forthcoming 50th AGM to be held in the year 2026, on such remuneration as may be determined by the Board of Directors, based on the recommendation of the Audit Committee plus certification fees, applicable taxes and reasonable out of pocket expenses actually incurred by them during the course of Audit.

Notes to Financial Statements (Standalone and Consolidated) forming part of Audited Financial Statements for FY 2022-23 are self-explanatory and need no further explanation. The Auditors' Reports on Audited Financial Statements (Standalone and Consolidated) does not contain any Modified Opinions.

#### **COST AUDITOR:**

As per Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to prepare, maintain as well as have the audit of its cost records conducted by a Cost Accountant and accordingly, it has made and maintained such cost accounts and records. The Board of Directors, on the recommendation of the Audit Committee, has appointed Mr. R K Patel, Proprietor of M/s R K Patel, Vadodara, having FRN No. 100180 as the Cost Auditor of the Company for the FY 2023-24 at a remuneration of ₹ 1,00,000/- (₹ One Lakh) p.a. plus out of pocket expenses and statutory levies.

Mr. R K Patel, Proprietor of M/s R K Patel, Vadodara, have confirmed that they are free from disqualification specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Act and that the appointment meets the requirements of the Act. They have further confirmed their independent status and an arm's length relationship with the Company.

The remuneration payable to the Cost Auditor is required to be placed before the Shareholders in General Meeting for ratification. Accordingly, a resolution seeking Shareholders' ratification for the remuneration payable to Mr. R K Patel, Proprietor of M/s R K Patel, Vadodara, forms part of the Notice of 47<sup>th</sup> AGM, forming part of this Annual Report.

The Company had e-filed the Cost Audit Report for the FY 2021-22 with the Ministry of Corporate Affairs (Cost Audit Branch), on 06<sup>th</sup> September, 2022. The due date of filing the said Report was 27<sup>th</sup> September, 2022.

#### **SECRETARIAL AUDITOR:**

In pursuance of Section 204 of the Act and the Rules made thereunder, the Board of Directors, in its Meeting held on 04<sup>th</sup> February, 2021, appointed CS Shalin Patel, Practising Company Secretary, Vadodara as Secretarial Auditor for three years



from FY 2020-21 to FY 2022-23. Due to some circumstances, he could not continue his term up to FY 2022-23 as Secretarial Auditor of the Company. In order to fill the vacancy, the Board of Directors, in its meeting held on 10<sup>th</sup> November, 2022 appointed CS J.J. Gandhi, Practicing Company Secretary of M/s. J. J. Gandhi & Co., Vadodara, as Secretarial Auditor for the FY 2022-23. The Secretarial Audit Report in Form MR-3 in respect of Secretarial Audit work carried out by him for the FY 2022-23 is enclosed at Annexure - E, forming part of this Report. The said Report does not contain any qualification, reservation or adverse remark.

#### **DIVIDEND DISTRIBUTION POLICY:**

As per Regulation 43A of the SEBI Listing Regulations, 2015, Dividend Distribution Policy of the Company inter-alia, set-out the various parameters and circumstances that are to be taken into account while determining the distribution of Dividend to the Shareholders and / or retaining profits by the Company. The said Policy is enclosed at Annexure - F, forming part of this Report and the same is also available on the Company's website at web link <https://www.gnfc.in/wp-content/uploads/2021/04/Dividend-Distribution-Policy.pdf>

#### **DISCLOSURE ON COMPLIANCE OF SECRETARIAL STANDARDS:**

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI), New Delhi, and approved by the Central Government.

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

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

#### **FIXED DEPOSITS:**

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

#### **INSURANCE:**

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

#### **INDUSTRIAL RELATIONS:**

The Industrial Relations within the Company remained cordial and harmonious throughout the year. It has helped the Company to achieve satisfactory performance on Operational and Financial fronts and in achieving targets.

Your Directors place on record their sincere appreciation for the dedicated and committed contributions made by all employees at all levels for the sustainable growth of the Company.

#### **ACKNOWLEDGEMENTS:**

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

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

**Shri Vipul Mitra, IAS**

Chairman

DIN: 03108280

Place: Gandhinagar  
Date: 29<sup>th</sup> July, 2023

## ANNUAL REPORT ON CSR ACTIVITIES FOR FY 2022-23

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

## 1. Brief outline on CSR Policy:

The Board of Directors, in its Meeting held on 17.05.2021, had reviewed and considered the amendments as per the Companies (CSR) Amendment Rules, 2021 and accordingly amended the CSR Policy of the Company.

CSR Policy provides a guideline of the methodologies and areas for choosing and implementing the Company's CSR Projects. The major sectors covered under the said Policy include Education, Health care, Rural Infrastructure, Sanitation and Self-employment generation, Vocational Skills, Empowerment of Women and Youth, Environment Sustainability, Protection and Development of National Heritage, Art Culture, Public Libraries, Disaster Management etc.

## 2. Composition of CSR Committee:

| Name                                       | Designation/Nature of Directorship | Number of Meetings of CSR Committee held during the year | Number of Meetings of CSR Committee attended during the year |
|--|------------------------------------|--|--|
| Shri Vipul Mitra, IAS <sup>1</sup>         | Chairman                           | N.A.   | N.A.   |
| Smt. Gauri Kumar, IAS (Retd.) <sup>2</sup> | Member                             | 2  | 2  |
| Prof. Ranjan Kumar Ghosh                   | Member                             | 2  | 2  |
| Shri Bhadresh Mehta                        | Member                             | 2  | 2  |
| Dr. N. Ravichandran                        | Member                             | 2  | 2  |
| Prof. Piyushkumar Sinha <sup>3</sup>       | Member                             | 1  | 1  |
| Shri Pankaj Joshi, IAS                     | Member                             | 2  | 2  |

1. Shri Vipul Mitra, IAS Chairman of the committee w.e.f. 22.03.2023.

2. Smt. Gauri Kumar, IAS (Retd.) Chairman of the committee uptill 21.03.2023. Continued as Member w.e.f. 22.03.2023.

3. Prof. Piyushkumar Sinha coopted as Member of the Committee w.e.f. 10.11.2022.

## 3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.

[https://www.gnfc.in/wp-content/uploads/2021/04/CSR-Policy-Revised\\_17-05-2021.PDF](https://www.gnfc.in/wp-content/uploads/2021/04/CSR-Policy-Revised_17-05-2021.PDF)

## 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Major CSR Projects / Activities undertaken by the Company are of the outlay of less than ₹ 1.00 Crore.

## 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the Financial Year, if any –

| Sr. No. | Financial Year | Amount available for set-off from preceding Financial Years (₹ Lakhs) | Amount required to be set off for the Financial Year, if any (₹ Lakhs) |
|---------|----------------|---|--|
| I.      | 2022-23        | NA  | NA   |
| II.     | 2023-24        | 6.70  | 6.70   |

6. Average net profit of the Company as per section 135(5) : ₹ 1,21,015.25 Lakhs.
7. (a) 2% of average net profit of the Company as per section 135(5) : ₹ 2,420.31 Lakhs.  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous Financial Year. : Nil  
 (c) Amount required to be set off for the Financial Year, if any : ₹ Nil  
 (d) Total CSR obligation for the Financial Year (7a + 7b - 7c) : ₹ 2,420.31 Lakhs.
8. (a) CSR amount spent or unspent for the Financial Year:

| Total Amount Spent for the Financial Year (₹ in Lakh) | Amount Unspent (₹)  |                  |   |        |                  |
|---|---|------------------|---|--------|------------------|
|   | Total Amount transferred to Unspent CSR Account as per Section 135(6) |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) |        |                  |
|   | Amount  | Date of Transfer | Name of the Fund  | Amount | Date of transfer |
| ₹ 2,426.68  | Nil   | NA               | NA  | Nil    | NA               |

- (b) Details of CSR amount spent against ongoing projects for the Financial Year:

The Company has undertaken following CSR Activities/ Projects during the FY 2022-23.

(₹ Lakh)

| 1       | 2  | 3  | 4                     | 5                        |          | 6                            | 7                                   | 8                                      | 9  | 10  | 11   |        |
|---------|--|--|-----------------------|--------------------------|----------|------------------------------|-------------------------------------|--|--|---|--|--------|
|         |  |  |                       | State                    | District |                              |                                     |  |  |   | CSR Registration Number                              | Name   |
| Sr. No. | Item from the list of activities in Schedule VII | Name of the Project  | Local area (Yes/ No). | Location of the project. |          | Project Duration (in months) | Amount allocate for the project (₹) | Amount spent in the Financial Year (₹) | Amount transferred to Unspent CSR Account for the Project as per Section 135 (6) (₹) | Mode of Implementation - Direct (Yes/ No) | Mode of Implementation - Through Implementing Agency |        |
| 1.      | Livelihood Enhancement Project.                  | Livelihood Enhancement through Vocational Skills up-gradation. | Yes                   | Gujarat                  | Bharuch  | 12                           | 125.00*                             | 125.00                                 | 0.00   | No  | CSR00004841  | NARDES |
| 2.      | Health Care including Preventive Health care.    | Medical Services to needy patients in nearby villages.         | Yes                   | Gujarat                  | Bharuch  | 12                           | 12.00                               | 12.00                                  | 0.00   | No  |  | NARDES |
| 3.      | Women Empowerment.                               | Revival of SHG's for Entrepreneurial Activities.               | Yes                   | Gujarat                  | Bharuch  | 6                            | 12.00                               | 12.00                                  | 0.00   | No  |  | NARDES |
| 4.      | Senior Citizens for Elderly.                     | Support to Recreation centre / facilities for Senior Citizens. | Yes                   | Gujarat                  | Bharuch  | 12                           | 2.50                                | 2.50                                   | 0.00   | No  |  | NARDES |

## DIRECTORS' REPORT

|              |                    |   |     |                          |                          |    |               |               |             |    |        |
|--------------|--------------------|---|-----|--------------------------|--------------------------|----|---------------|---------------|-------------|----|--------|
| 5.           | Education.         | Support for renovation of Sardar Vallabhbhai Patel Police Academy (SVPNPA). | No  | Hyderabad                | Hyderabad                | 12 | 50.00         | 50.00         | 0.00        | No | NARDES |
| 6.           | Education.         | Improving education facilities in Narmada Motlabai Public School.           | Yes | Gujarat                  | Bharuch                  | 12 | 45.00         | 45.00         | 0.00        | No | NARDES |
| 7.           | Education.         | Support to Meritorious Students of Bharuch.                                 | Yes | Gujarat                  | Bharuch                  | 12 | 5.00          | 5.00          | 0.00        | No | NARDES |
| 8.           | Rural Development. | Support to Rural Outreach Programs Project.                                 | NO  | Gujarat State as a whole | Gujarat State as a whole | 12 | 46.02         | 46.02         | 0.00        | No | NARDES |
| 9.           | Rural Development. | Awareness generation among youths through Social Media Platforms.           | NO  | Gujarat State as a whole | Gujarat State as a whole | 12 | 52.00         | 52.00         | 0.00        | No | NARDES |
| <b>Total</b> |                    |   |     |                          |                          |    | <b>349.52</b> | <b>349.52</b> | <b>0.00</b> |    |        |

Note: \* 'Livelihood Enhancement at Sr. No.1 - ₹ 125 Lakh' include numerous CSR Projects/Activities undertaken during the year. Each Project having value below ₹ 100 Lakh.

c) Details of CSR amount spent against other than ongoing projects for the Financial Year:

The Company has identified following new Projects / Initiatives during the FY 2022-23.

(₹ Lakh)

| 1       | 2   | 3  | 4                   | 5                       |          | 6                                     | 7  | 8  |                         |
|---------|---|--|---------------------|-------------------------|----------|---------------------------------------|--|--|-------------------------|
|         |   |  |                     | Location of the project |          |                                       |  | Mode of Implementation - Through Implementing Agency |                         |
| Sr. No. | Item from the list of activities in Schedule VII to the Act | Name of the Project  | Local area (Yes/No) | State                   | District | Amount spent for the project (₹ Lakh) | Mode of Implementation - Direct (Yes/No) | Name   | CSR Registration Number |
| 1.      | Health Care including Preventive Health care.               | Medical Equipments in Civil Hospital, Bharuch.   | Yes                 | Gujarat                 | Bharuch  | 59.75                                 | No                                       | NARDES   | CSR0004841              |
| 2.      | Education.  | Upgradation & Development of education facilities in Narmada College (NEST).   | Yes                 | Gujarat                 | Bharuch  | 95.00                                 | No                                       | NARDES   |                         |
| 3.      | Education.  | Upgradation & Development of education facilities in Narmada Vidyalaya.  | Yes                 | Gujarat                 | Bharuch  | 95.00                                 | No                                       | NARDES   |                         |
| 4.      | Education.  | Construction of Additional Classrooms in Osara, Kavitha & Nandelav Govt. Schools.  | Yes                 | Gujarat                 | Bharuch  | 79.80                                 | No                                       | NARDES   |                         |
| 5.      | Education.  | Installation of Children Play & Exercise Equipments in Kavitha, Karmali, Paguthan, Samantpor, Vadadla and Akhod Govt. schools. | Yes                 | Gujarat                 | Bharuch  | 72.00                                 | No                                       | NARDES   |                         |

|     |   |   |     |         |         |         |    |        |
|-----|---|---|-----|---------|---------|---------|----|--------|
| 6.  | Education.  | Construction of New Anganwadi building in Kavitha, Paguthan, Rahadpor and Karmali village.                    | Yes | Gujarat | Bharuch | 83.53   | No | NARDES |
| 7.  | Education.  | Supporting digital education through tablets in 05 Govt. School.  | Yes | Gujarat | Bharuch | 28.74   | No | NARDES |
| 8.  | Education.  | Provided toddlers play equipment's in Anganwadi.  | Yes | Gujarat | Bharuch | 100.89* | No | NARDES |
| 9.  | Education.  | Establishing mini science Lab in 05 Govt. Schools.  | Yes | Gujarat | Bharuch | 20.65   | No | NARDES |
| 10. | Education.  | Provided learning kiosk in 08 anganwadi.  | Yes | Gujarat | Bharuch | 30.00   | No | NARDES |
| 11. | Support to Old Age Homes & Orphans.                 | Installed Fire System in Children Protection Care, Bharuch.   | Yes | Gujarat | Bharuch | 20.75   | No | NARDES |
| 12. | Education.  | Mini Science Lab in 05 Govt. School Rahadpor, Kavitha, Paguthan, Chavaj and Nandelav.                         | Yes | Gujarat | Bharuch | 20.65   | No | NARDES |
| 13. | Rural Development.                                  | Laying of paver blocks in Zadeshwar & Haldarva Village.   | Yes | Gujarat | Bharuch | 25.34   | No | NARDES |
| 14. | Education.  | Laying & fixing of paver blocks in Govt. Schools of Nandelav, Rahadpor, Zadeshwar, Osara, Karmali & Paguthan. | Yes | Gujarat | Bharuch | 42.15   | No | NARDES |
| 15. | Education.  | Construction of Toilets in Nandelav, Chavaj, Rahadpor and Haldarva Govt. Schools.                             | Yes | Gujarat | Bharuch | 41.86   | No | NARDES |
| 16. | Education.  | Construction of Compound wall in 02 Govt. Schools of Chavaj & Osara.  | Yes | Gujarat | Bharuch | 79.46   | No | NARDES |
| 17. | Education.  | Construction of Compound Wall in 03 Govt. Schools of Nandelav, Haldarva & Karmali.                            | Yes | Gujarat | Bharuch | 96.54   | No | NARDES |
| 18. | Health Care including Preventive Health care.       | Construction of PHC Tankariya with Fire Hydrant System.   | Yes | Gujarat | Bharuch | 210.50* | No | NARDES |
| 19. | Environment Sustainability.                         | Livable Bharuch Project.  | Yes | Gujarat | Bharuch | 25.00   | No | NARDES |
| 20. | Health Care including Preventive Health care.       | New Born Health Care Services.  | Yes | Gujarat | Bharuch | 38.00   | No | NARDES |
| 21. | Health Care including Preventive Health care.       | Supporting e bike for Narmada District.   | Yes | Gujarat | Bharuch | 22.00   | No | NARDES |
| 22. | Health Care including Preventive Health care.       | Construction of New PHC Navetha with installation of Fire Hydrant system                                      | Yes | Gujarat | Bharuch | 210.40* | No | NARDES |
| 23. | Support to armed forces veterans, their dependents. | Support to Armed Forces Veterans and their Dependents.  | Yes | Gujarat | Bharuch | 5.00    | No | NARDES |
| 24. | Health Care including Preventive Health care.       | Providing food packets to the needy patients and their relatives in Civil hospital, Bharuch.                  | Yes | Gujarat | Bharuch | 50.00   | No | NARDES |

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### DIRECTORS' REPORT

|              |   |  |     |         |         |                 |    |        |
|--------------|---|--|-----|---------|---------|-----------------|----|--------|
| 25.          | Protection and Development of National Heritage, Culture. | Support to Kala Gurjari.   | Yes | Gujarat | Bharuch | 0.25            | No | NARDES |
| 26.          | Protection and Development of National Heritage, Culture. | Supporting National Integration Event- Bharat Bharti.  | Yes | Gujarat | Bharuch | 1.00            | No | NARDES |
| 27.          | Health Care including Preventive Health care.             | Support to Seva Yagna Samiti.  | Yes | Gujarat | Bharuch | 15.00           | No | NARDES |
| 28.          | Education.  | Construction of additional classroom and anganwadi in Suva village.  | Yes | Gujarat | Bharuch | 45.30           | No | NARDES |
| 29.          | Education.  | Construction of compound wall in Akhod Anganwadi.  | Yes | Gujarat | Bharuch | 7.00            | No | NARDES |
| 30.          | Education.  | Construction of MDM Shed in Vadadla & Zadeshwar school.  | Yes | Gujarat | Bharuch | 16.17           | No | NARDES |
| 31.          | Education.  | Construction of exercise room & additional classroom in Vadadla, Painting of Chavaj School & MDM Shed at Nandelav, Rahadpor, Haldarva & Karmali. | Yes | Gujarat | Bharuch | 78.93           | No | NARDES |
| 32.          | Education.  | Construction of additional classroom at Koliyad, laying paver block at Samantpor & Galenda, Toilets at Samantpor and Suva School.                | Yes | Gujarat | Bharuch | 77.50           | No | NARDES |
| 33.          | Education.  | Construction of additional classroom of Chavaj & Zadeshwar Boys and Girls school.  | Yes | Gujarat | Bharuch | 81.03           | No | NARDES |
| 34.          | Education.  | Construction of new anganwadi at Nandelav & Zadeshwar.   | Yes | Gujarat | Bharuch | 37.47           | No | NARDES |
| 35.          | Education.  | Construction of toilets at Zadeshwar & Karmali school  | Yes | Gujarat | Bharuch | 30.12           | No | NARDES |
| 36.          | Education.  | Laying & fixing of paver blocks in Kavitha, Karmali, Haldarva & Zadeshwar (Boys) school.   | Yes | Gujarat | Bharuch | 35.14           | No | NARDES |
| <b>Total</b> |   |  |     |         |         | <b>1,977.92</b> |    |        |

Note: \* 'Education', at Sr. No. 8 - ₹ 100.89 Lakh and 'Health Care including Preventive Health care' at Sr. No. 18 and 22 - ₹ 210.50 Lakh and ₹ 210.40 Lakh respectively, include numerous small value CSR Projects undertaken during the year. Each Project having value below ₹ 100 Lakh.

(d) Amount spent in Administrative Overheads : ₹ 97.84 Lakh.

(e) Amount spent on Impact Assessment, if applicable : ₹ 1.40 Lakh.

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 2,426.68 Lakh.

(g) Excess amount for set off, if any

| Sr. No. | Particular  | Amount<br>(₹ Lakh) |
|---------|---|--------------------|
| i.      | Two percent of average net profit of the Company as per section 135(5).                         | 2,420.31           |
| ii.     | Total amount spent for the Financial Year.  | 2,426.68           |
| iii.    | Excess amount spent for the Financial Year [(ii)-(i)].  | 6.37               |
| iv.     | Surplus arising out of the CSR projects or programmes or activities of the previous FY, if any. | 0.00               |
| v.      | Amount available for set off in succeeding Financial Years[(iii)-(iv)].                         | 6.37               |

9. (a) Details of Unspent CSR amount for the preceding three Financial Years:

| Sr. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under section 135 (6) (₹) | Amount spent in the reporting Financial Year (₹ Lakh) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any |            |                  | Amount remaining to be spent in succeeding Financial Years (₹) |
|---------|--------------------------|---|---|---|------------|------------------|--|
|         |                          |   |   | Name of the Fund  | Amount (₹) | Date of transfer |  |
| 1.      | 2020-21                  | —   | 2,026.04  | —   | —          | —                | Nil  |
| 2.      | 2021-22                  | —   | 1,439.66  | —   | —          | —                | Nil  |
| 3.      | 2022-23                  | —   | 2,426.68  | —   | —          | —                | Nil  |
|         | <b>TOTAL</b>             | <b>—</b>  | <b>5,892.38</b>                                       | <b>—</b>  | <b>—</b>   | <b>—</b>         | <b>Nil</b>   |

(b) Details of CSR amount spent in the Financial Year for ongoing Projects of the preceding Financial Year(s):

| (1)<br>Sr. No. | (2)<br>Project ID | (3)<br>Name of the Project | (4)<br>Financial Year in which the project was commenced | (5)<br>Project duration | (6)<br>Total amount allocated for the project (₹) | (7)<br>Amount spent on the project in the reporting Financial Year (₹) | (8)<br>Cumulative amount spent at the end of reporting Financial Year (₹) | (9)<br>Status of the project - Completed /Ongoing |
|----------------|-------------------|----------------------------|--|-------------------------|---|--|---|---|
|                |                   |                            |  | NA                      |   |  |   |   |

 10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year **(Asset-wise details)**. **NA.**

 (a) Date of creation or acquisition of the capital asset(s). **NA.**

 (b) Amount of CSR spent for creation or acquisition of capital asset. **NA.**

 (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. **NA.**

 (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). **NA.**

 11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5). **NA.**

 Shri Pankaj Joshi, IAS  
 (Managing Director)  
 DIN: 01532892

 Shri Vipul Mittra, IAS  
 (Chairman CSR Committee)  
 DIN: 03108280

#### ABSTRACT FOR CSR ANNUAL REPORT FY 2022-23

Working with communities and sustainable long-term development is an integral part of the Company's strategy. The Company's customised approach towards every community we work sets us apart. The Company has adopted a strategic approach to address the needs of local communities by implementing CSR initiatives in various thematic areas like skill development, education, healthcare, community infrastructure development etc. in line with the Human Development Index (HDI).

Narmadanagar Rural Development Society (NARDES), the CSR arm of the Company, was established in the year 1980. NARDES has been working on several CSR Projects to bring about change envisioned by the Company's CSR Policy. The Company's efforts are to create positive impact through multi-thematic programme that reaches out to all segments of the populace.

Our interventions are aligned with the United Nations Sustainable Development Goals (UNSDGs) and designed in such a manner that they touch lives across all age groups. Each of these interventions contribute to the larger goal of achieving holistic development of local communities.

Working closely with the Stakeholders is of paramount importance to the operating model developed for each project.

The company's CSR initiatives are not only limited to implementation and monitoring but have a proficiency to become embedded within the community by assessing the impact of the outcomes on the targeted community.

Our collective efforts have made a positive difference in the lives of people. We have grown progressively from being a resource provider to a facilitator for driving positive change.

The resources are utilized prudently within the specified time line to comply the obligations cast on the Company under the provisions of the Companies Act, 2013. Periodic as well as Annual Assessment of various CSR Projects / Activities has been done through an independent agency like the Faculty of Social Work, the M S University of Baroda, Vadodara.

The Company has developed CSR Portal to highlight the interventions through various CSR Projects/Activities. The same can be accessed at the following link:

<http://www.gnfccsrportal.in>.



**BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT**  
**SECTION A : GENERAL DISCLOSURE**

**I. Details of the listed entity**

| S.No. | Requirement  | Company Details   |
|-------|--|---|
| 1.    | <b>Corporate Identity Number (CIN) of the Listed Entity</b>  | L24110GJ1976PLC002903                                     |
| 2.    | <b>Name of the Listed Entity</b>                             | Gujarat Narmada Valley Fertilizers & Chemicals Limited    |
| 3.    | <b>Year of incorporation</b>                                 | 1976  |
| 4.    | <b>Registered office address</b>                             | P.O.: Narmadanagar - 392 015, District: Bharuch, Gujarat. |
| 5.    | <b>Corporate address</b>                                     | P.O.: Narmadanagar - 392 015, District: Bharuch, Gujarat. |
| 6.    | <b>E-mail</b>  | investor@gnfc.in  |
| 7.    | <b>Telephone</b>   | (02642) 247001, 247002.                                   |
| 8.    | <b>Website</b>   | www.gnfc.in   |
| 9.    | <b>Financial year for which reporting is being done</b>      | April 2022 - March 2023.                                  |
| 10.   | <b>Name of the Stock Exchange(s) where shares are listed</b> | National Stock Exchange of India Ltd. and BSE Limited.    |
| 11.   | <b>Paid-up Capital</b>                                       | Equity Share Capital of ₹ 155.42 Crore.                   |

**12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report.**

|                         |                        |
|-------------------------|------------------------|
| <b>Name</b>             | CS A C Shah            |
| <b>Designation</b>      | Company Secretary      |
| <b>Telephone Number</b> | 02642-243650           |
| <b>Email Address</b>    | sustainability@gnfc.in |

**13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).**

Disclosures under this Report are made on Standalone Basis.

## DIRECTORS' REPORT

### II. Products/services

| 14. Details of business activities (accounting for 90% of the turnover): |                              |  |                             |
|--|------------------------------|--|-----------------------------|
| S. No.   | Description of Main Activity | Description of Business Activity   | % of Turnover of the Entity |
| 1  | Fertilizers Segment.         | This segment began with the establishment of one of the largest single-stream Ammonia Urea Plants. It includes the manufacturing of Urea and Ammonium Nitro phosphate, which was being marketed under the brand 'Narmada' till December, 2022. Thereafter, these are being marketed under brand 'Bharat' as mandated by the GoI under "One Nation One Fertilizer" Initiative.  | 35.74                       |
| 2  | Chemicals Segment.           | GNFC has established a core setup for Chemicals and Petrochemicals Plants such as Methanol, Formic Acid, Acetic Acid, Toluene Di-Isocyanate (TDI), Technical Grade Urea (TGU), Weak Nitric Acid, Concentrated Nitric Acid, Ethyl Acetate and Ammonium Nitrate. GNFC is the only producer of Acetic Acid and one of the two producers of Formic Acid in India and has the largest single- stream Aniline Plant in India. It is the only manufacturer of Toluene Di-Isocyanate (TDI) in Southeast Asia and the Indian Sub-Continent. | 63.40                       |

| 15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover): |                              |                 |  |
|---|------------------------------|-----------------|--|
| S. No.  | Product/Service              | NIC Code        | % of total turnover contributed  |
| 1   | Urea.                        | NIC Code: 24123 | Products mentioned in the table account for 96% of total turnover contributed. |
| 2   | Ammonium Nitro -Phosphate.   | NIC Code: 24121 |  |
| 3   | Ammonia.                     | NIC Code: 24121 |  |
| 4   | Weak Nitric Acid.            | NIC Code: 24121 |  |
| 5   | Methanol.                    | NIC Code: 24116 |  |
| 6   | Concentrated Nitric Acid.    | NIC Code: 24121 |  |
| 7   | Acetic Acid.                 | NIC Code: 24115 |  |
| 8   | Toluene Di-Isocyanate (TDI). | NIC Code: 24121 |  |
| 9   | Ethly Acetate.               | NIC Code: 24115 |  |
| 10  | Aniline.                     | NIC Code: 24121 |  |
| 11  | Formic Acid.                 | NIC Code: 24116 |  |
| 12  | Technical Grade Urea (TGU).  | NIC Code: 20121 |  |
| 13  | AN Melt.                     | NIC Code: 20123 |  |

**Note:** All the NIC Codes are from NIC Code 2004.

**III. Operations**

| 16. Number of locations where plants and/or operations/offices of the entity are situated: |                  |                   |       |
|--|------------------|-------------------|-------|
| Location   | Number of plants | Number of offices | Total |
| National   | 2                | 5                 | 7     |
| International  | -                | -                 | -     |

| 17. Markets served by the entity:<br>Number of locations   |        |
|--|--------|
| Location   | Number |
| National (No. of States)   | 25     |
| International (No. of Countries)   | 65     |
| <b>b. What is the contribution of exports as a percentage of the total turnover of the entity?</b> |        |
| 1.50% of total Turnover is Export Turnover.  |        |
| <b>c. A brief on types of customers</b>  |        |
| Federations / Agro Industries /Co-operatives, Corporates, Private companies, and Farmers.          |        |

**IV. Employees**

| 18. Details as at the end of Financial Year:            |                                |              |              |              |            |             |
|---|--------------------------------|--------------|--------------|--------------|------------|-------------|
| a. Employees and workers (including differently abled): |                                |              |              |              |            |             |
| S. No.  | Particulars                    | Total (A)    | Male         |              | Female     |             |
|   |                                |              | No. (B)      | % (B / A)    | No. (C)    | % (C / A)   |
| <b>EMPLOYEES</b>  |                                |              |              |              |            |             |
| 1.  | Permanent (D)                  | 2,275        | 2,211        | 97.19        | 64         | 2.81        |
| 2.  | Other than Permanent (E)       | 215          | 191          | 88.84        | 24         | 11.16       |
| 3.  | <b>Total employees (D + E)</b> | <b>2,490</b> | <b>2,402</b> | <b>96.47</b> | <b>88</b>  | <b>3.53</b> |
| <b>WORKERS</b>  |                                |              |              |              |            |             |
| 4.  | Permanent (F)                  | 0            | 0            | 0            | 0          | 0           |
| 5.  | Other than Permanent (G)       | 1,932        | 1,820        | 94.20        | 112        | 5.80        |
| 6.  | <b>Total workers (F + G)</b>   | <b>1,932</b> | <b>1,820</b> | <b>94.20</b> | <b>112</b> | <b>5.80</b> |

| b. Differently abled Employees and workers: |  |           |           |              |          |              |
|---|--|-----------|-----------|--------------|----------|--------------|
| S. No.                                      | Particulars                                      | Total (A) | Male      |              | Female   |              |
|   |  |           | No. (B)   | % (B / A)    | No. (C)  | % (C / A)    |
| <b>DIFFERENTLY ABLED EMPLOYEES</b>          |  |           |           |              |          |              |
| 1.  | Permanent (D)                                    | 13        | 11        | 84.62        | 2        | 15.38        |
| 2.  | Other than Permanent (E)                         | 0         | 0         | 0            | 0        | 0            |
| 3.  | <b>Total differently abled employees (D + E)</b> | <b>13</b> | <b>11</b> | <b>84.62</b> | <b>2</b> | <b>15.38</b> |
| <b>DIFFERENTLY ABLED WORKERS</b>            |  |           |           |              |          |              |
| 4.  | Permanent (F)                                    | 0         | 0         | 0            | 0        | 0            |
| 5.  | Other than permanent (G)                         | 0         | 0         | 0            | 0        | 0            |
| 6.  | <b>Total differently abled workers (F + G)</b>   | <b>0</b>  | <b>0</b>  | <b>0</b>     | <b>0</b> | <b>0</b>     |

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### DIRECTORS' REPORT

| 19. Participation/ Inclusion/ Representation of women |           |                               |           |
|---|-----------|-------------------------------|-----------|
|   | Total (A) | No. and percentage of Females |           |
|   |           | No. (B)                       | % (B / A) |
| Board of Directors                                    | 10        | 2                             | 20        |
| Key Management Personnel (other than MD)              | 2         | 0                             | 0         |

| 20. Turnover rate for permanent employees and workers |   |        |       |  |        |       |  |        |       |
|---|---|--------|-------|--|--------|-------|--|--------|-------|
|   | FY 2022-23<br>(Turnover rate in current FY) |        |       | FY 2021-22<br>(Turnover rate in previous FY) |        |       | FY 2020-21<br>(Turnover rate in Year prior to Previous FY) |        |       |
|   | Male  | Female | Total | Male   | Female | Total | Male   | Female | Total |
| Permanent Employees                                   | 13  | 0      | 13    | 26   | 3      | 29    | 21   | 0      | 21    |
| Permanent Workers                                     | 0   | 0      | 0     | 0  | 0      | 0     | 0  | 0      | 0     |

**Note:** There are no permanent workers.

#### V. Holding, Subsidiary and Associate Companies (including joint ventures)

| 21. a. Names of holding / subsidiary / associate companies / joint ventures |  |  |                                   |  |
|---|--|--|-----------------------------------|--|
| S. No.  | Name of the holding /subsidiary / associate companies / joint ventures (A) | Indicate whether holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
| 1   | Gujarat Green Revolution Company Limited                                   | Associate Company  | 46.87                             | No   |

#### VI. CSR Details

|  |                 |
|--|-----------------|
| 22.  |                 |
| (i) Whether CSR is applicable as per section 135 of Companies Act, 2013. | Yes.            |
| (ii) Turnover (in ₹).  | ₹ 10,227 Crore. |
| (iii) Net worth (in ₹).  | ₹ 8,264 Crore.  |

**VII. Transparency and Disclosures Compliances**

| 23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct: |   |  |  |        |                                       |  |        |
|---|---|--|--|--------|---------------------------------------|--|--------|
| Stakeholder group from whom complaint is received   | Grievance Redressal Mechanism in Place (Yes/No)<br><br>(If Yes, then provide web-link for grievance redress policy) | FY 2022-23<br>Current Financial Year       |  |        | FY 2021-22<br>Previous Financial Year |  |        |
|   |   | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remark | Number of complaints during the year  | Number of complaints pending resolution at close of the year | Remark |
| <b>Communities.</b>   | Yes   | Nil  | Nil  | Nil    | Nil                                   | Nil  | Nil    |
| <b>Investors (other than shareholder).</b>  | Yes   | Nil  | Nil  | Nil    | Nil                                   | Nil  | Nil    |
| <b>Shareholders.</b>  | Yes   | 71   | 0  | -      | 9                                     | 0  | -      |
| <b>Employees and workers.</b>   | Yes   | Nil  | Nil  | Nil    | Nil                                   | Nil  | Nil    |
| <b>Customers.</b>   | Yes   | Nil  | Nil  | Nil    | Nil                                   | Nil  | Nil    |
| <b>Value Chain Partners.</b>  | Yes   | Nil  | Nil  | Nil    | Nil                                   | Nil  | Nil    |

| 24. Overview of the entity's material responsible business conduct issues. Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format. |  |  |  |   |  |
|--|--|--|--|---|--|
| S. No.   | Material issue identified                            | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity   | In case of risk, approach to adapt or mitigate  | Financial implications of the risk or opportunity (Indicate positive (P) or negative (N) implications) |
| 1  | Reducing Carbon Footprint by using renewable energy. | O  | Mitigates the effects of global climate change, improves energy efficiency and mitigates climate change impacts. GNFC can reduce its carbon footprint by increasing the share of renewable energy sources in the total energy consumption. | –   | P  |
| 2  | Climate Change.                                      | R  | Climate Change can interrupt continuity of Business.   | GNFC has developed green belt in approximately 42% of the Plant premises along with a lush green Oxygen Park. GNFC has two DCs identified as per the PAT Scheme where several energy conservation initiatives are undertaken. GNFC has also started utilizing Renewable Energy in its Operations. Kindly refer Principle 6, Essential Indicator 7 for more details. | N  |
| 3  | Water Consumption.                                   | R  | The rationale for identifying water as risk is in view of GNFC's Manufacturing Operations being water intensive and heavily dependent on freshwater sources.   | GNFC has constructed concrete reservoirs to store water. GNFC has also implemented rainwater harvesting system to improve the underground water table.  | N  |

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| 4 | Waste management.                         | R | As the waste is generated in the Operations, GNFC faces the risks to manage the waste or to meet the compliance requirements while disposing the waste.               | GNFC is responsibly disposing of waste through authorized vendors as per the applicable statutory requirements. The waste is also sent to cement industries for further co-processing.<br>GNFC is practicing 3R – Reduce, Reuse, Recycle, for the waste generated. Kindly refer to Principle 2 and Principle 6 for more details.  | N |
| 5 | Occupational Health & Safety.             | R | Occupational health and safety risks are due to the nature of Operations.   | GNFC continues to implement robust and effective occupational, health and safety management system to avoid accidents. Please refer Principle 3 for more details.   | N |
| 6 | Protection of employment & labour rights. | R | GNFC might face reputational risk if there are reportable instances of unethical labour practices. This can also attract fine and penalty from statutory authorities. | GNFC has formulated policies and has adopted procedures for the benefit of employees and workers.<br>GNFC has an effective grievance mechanism as a fair platform for its employees & workers. This grievance mechanism helps GNFC to receive them and to set appropriate procedures to address the grievances, hence ensuring prompt resolution.<br>GNFC has implemented an online system for Suggestion Scheme. This helps employees to highlight the areas of improvements within the organization.<br>The industrial relation cell of GNFC provides forum for workers to report any grievances through the Union.<br>GNFC is complying to all the applicable statutory requirements relating to employment and labour rights. | N |

## DIRECTORS' REPORT

|    |  |   |  |  |   |
|----|--|---|--|--|---|
| 7  | Human rights.                              | R | Instances of human rights breach might result in fine and penalty which can impact GNFC's reputation.  | GNFC has established and implemented corporate level Policies such as Whistle-blower, POSH and Business Responsibility Policy which sets guidance to implement stringent vigilant mechanisms for protection of human rights. | N |
| 8  | Compliance management.                     | R | Non-compliance to statutory requirements might lead to reputational risk.  | GNFC has system in place to address regulatory compliances.  | N |
| 9  | Business ethics.                           | R | Unethical business practices might lead to reputational risk.  | GNFC has formulated and implemented Whistle Blower Policy, POSH Policy, Code of Conduct, to ensure adherence to business ethics.   | N |
| 10 | Talent attraction, training & development. | O | For being competitive in the market and to ensure constant growth and productivity, it is imperative that GNFC must attract talent, develop the capabilities of employees and workers and ensure highest level of employee engagement. | -  | P |
| 11 | Customer retention.                        | O | Effective customer retention helps GNFC in saving the cost of developing new customers, strengthening its relationship capital, and enabling word of mouth publicity.  | -  | P |

### SECTION B: MANAGEMENT & PROCESS DISCLOSURE

PRINCIPLE 1 - Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

PRINCIPLE 2 - Businesses should provide goods and services in a manner that is sustainable and safe

PRINCIPLE 3 - Businesses should respect and promote the well-being of all employees, including those in their value chains

PRINCIPLE 4 - Businesses should respect the interests of and be responsive to all its stakeholders

PRINCIPLE 5 - Businesses should respect and promote human rights

PRINCIPLE 6 - Businesses should respect and make efforts to protect and restore the environment

PRINCIPLE 7 - Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent



PRINCIPLE 8 - Businesses should promote inclusive growth and equitable development

PRINCIPLE 9 - Businesses should engage with and provide value to their consumers in a responsible manner

**SECTION B: MANAGEMENT & PROCESS DISCLOSURE**

**I. Policy and management processes**

| Disclosure Questions   | P 1                                | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|--|------------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|
| 1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)   | Y                                  | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   |
| Has the policy been approved by the Board? (Yes/No)  | Y                                  | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   |
| Web Link of the Policies, if available   | Y                                  | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   |
| 2. Whether the entity has translated the policy into procedures. (Yes / No)  | Y                                  | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   |
| 3. Do the enlisted policies extend to your value chain partners? (Yes/No)  | Y                                  | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   |
| 4. Name of the national and international codes/certifications/ labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle. | N                                  | N   | Y   | N   | N   | Y   | N   | N   | Y   |
| 5. Specific commitments, goals and targets set by the entity with defined timelines, if any.   | Kindly refer Note to this question |     |     |     |     |     |     |     |     |
| 6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.  | Kindly refer Note to this question |     |     |     |     |     |     |     |     |

**Note:1. a.** GNFC has formulated and implemented following policies in accordance with the Principles of NGRBC.

| Name of Policy                                  | NGRBC Principle                  | Link of the Policy  |
|---|----------------------------------|---|
| Business Responsibility Policy.                 | ▪ Principle 1, 2,3,4, 5, 6,7,8,9 | ▪ <a href="https://www.gnfc.in/wp-content/uploads/2021/04/GNFC-BR-Policy2017.pdf">https://www.gnfc.in/wp-content/uploads/2021/04/GNFC-BR-Policy2017.pdf</a>   |
| Nomination, Remuneration and Evaluation Policy. | ▪ Principle 5                    | ▪ <a href="https://www.gnfc.in/wp-content/uploads/2021/04/GNFC-NRC-Policy_11815.pdf">https://www.gnfc.in/wp-content/uploads/2021/04/GNFC-NRC-Policy_11815.pdf</a>   |
| Integrated Management System Policy.            | ▪ Principle 3 and Principle 6    | ▪ <a href="https://www.gnfc.in/wp-content/uploads/2021/06/Integrated%20Management%20System%20Policy%202019.pdf">https://www.gnfc.in/wp-content/uploads/2021/06/Integrated%20Management%20System%20Policy%202019.pdf</a>           |
| Corporate Social Responsibility Policy.         | ▪ Principle 8                    | ▪ <a href="https://www.gnfc.in/wp-content/uploads/2021/04/CSR-Policy-Revised_17-05-2021.PDF">https://www.gnfc.in/wp-content/uploads/2021/04/CSR-Policy-Revised_17-05-2021.PDF</a>   |
| Supplier Code of Conduct.                       | ▪ Principle 2                    | ▪ <a href="#">Supplier-code-of-conduct-30-7-20-final.pdf (gnfc.in)</a>  |
| Vigil Mechanism and Whistle Blower Policy.      | ▪ Principle 1 and Principle 5    | ▪ <a href="https://www.gnfc.in/wp-content/uploads/2021/04/Vigill-Mechanism-Cum-Whistle%20Blower-Policy_21102014.pdf">https://www.gnfc.in/wp-content/uploads/2021/04/Vigill-Mechanism-Cum-Whistle%20Blower-Policy_21102014.pdf</a> |

**Note 4, 6 and 9:**

GNFC is certified with ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018.

**Note 5 and 6: Please refer the following table**

This year GNFC has adopted ESG as one of the pillars of its business. Hence, GNFC has set up following commitments for the coming financial years.

| Principles         | Commitments   |
|--------------------|---|
| <b>Principle 1</b> | <ul style="list-style-type: none"> <li>Reporting on the breaches relating to bribery, corruption, and ethics.</li> <li>Training employees including new joiners on the Company's Code of Conduct, and ethics Policy.</li> </ul>   |
| <b>Principle 2</b> | <ul style="list-style-type: none"> <li>Conduct screening of suppliers including new and existing suppliers based on the Company's Supplier Code of Conduct.</li> </ul>  |
| <b>Principle 3</b> | <ul style="list-style-type: none"> <li>Ensure zero incident in operations.</li> <li>Training of employees on health and safety measures.</li> <li>Enabling a culture of inclusion and motivation and fostering employee well-being through a strong emphasis on employee assistance program.</li> </ul>   |
| <b>Principle 4</b> | <ul style="list-style-type: none"> <li>Remain transparent while engaging with the Stakeholders.</li> </ul>  |
| <b>Principle 5</b> | <ul style="list-style-type: none"> <li>Ensure respect and promote human rights by creating a safe, secure and healthy working environment for employees.</li> </ul>   |
| <b>Principle 6</b> | <p><b>Waste Management</b></p> <ul style="list-style-type: none"> <li>Prevent and minimize the non-hazardous and hazardous waste.</li> <li>Adopt 4R strategy (Reduce, Reuse, Recycle and Recovery) for managing packaging waste in value chain.</li> <li>Minimizing waste by adopting 3R principles - Reduce, Reuse and Recycle.</li> <li>Reducing product water footprint and enhance water availability.</li> </ul> <p><b>Energy &amp; Emission</b></p> <ul style="list-style-type: none"> <li>Reduce GHG emissions in operations by incorporating energy efficiency measures and renewable energy to address the impacts of climate change across operations.</li> <li>By creating GHG inventory of scope 1 and 2 emissions.</li> <li>Invest in renewable sources of energy across all the operations.</li> </ul> <p><b>Water Management</b></p> <ul style="list-style-type: none"> <li>Implement water conservation initiatives like reducing water withdrawal, reusing, and recycling water in the water stressed areas.</li> <li>Engage with communities' water stewardship program.</li> </ul> |
| <b>Principle 8</b> | <ul style="list-style-type: none"> <li>Enhancing local procurement to enable development that drives sustainability and community empowerment.</li> </ul>   |
| <b>Principle 9</b> | <ul style="list-style-type: none"> <li>Enhancing the security of customer data and periodically engaging with customers, identifying their needs, and provide solutions to meet the same.</li> </ul>  |

## II. Governance, Leadership and Oversight

### 7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure).

GNFC is a Joint Sector Company promoted in 1976 by the Government of Gujarat (GoG) and Gujarat State Fertilizers and Chemicals Ltd. (GSFC). In 1982 GNFC started manufacturing Fertilizers in its one of the world's largest single stream Ammonia-urea Fertilizer Plant.

GNFC is continuously demonstrating its highest level of commitment to achieve and contribute towards the "Make in India" Initiative of the Govt. of India (GoI).

As a Fertilizers and Chemicals Industry, GNFC derives the most benefits from the environment and society at large. So, GNFC's efforts are to meet its primordial obligation to protect them.

This Business Responsibility and Sustainability Report reflects GNFC's continuous commitment to sustainability, innovation, and long-term value generation through ESG integration. This Report emphasizes the Environmental, Social and Governance (ESG) performance and practices at GNFC. GNFC has adopted an ESG framework that is consistent with the Company's vision, purpose, corporate principles and global ESG ambitions. Marking sustainability as its priority, GNFC takes care of the environment and society by strategizing each activity. GNFC adheres to the principles of product stewardship along with fostering benefits to the communities, embracing diversity, equality and inclusion in workforce.

**8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).**

Managing Director under guidance of the Board of Directors and its Committees.

**9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.**

Yes. GNFC has the "Risk Management Committee" of Directors to provide guidance and direction to the Management to ensure that health, safety and sustainability implications are duly addressed in all strategic initiatives.

| Members of Risk Management Committee                | Designation           | DIN      |
|---|-----------------------|----------|
| Prof. Ranjan Kumar Ghosh, Chairman of the Committee | Independent Director. | 08551618 |
| Smt. Gauri Kumar, IAS (Retd.)                       | Independent Director. | 01585999 |
| Shri Bhadresh Mehta                                 | Independent Director. | 02625115 |
| Dr. N. Ravichandran                                 | Independent Director. | 02065298 |
| Prof. Piyushkumar Sinha                             | Independent Director. | 00484132 |
| Shri Pankaj Joshi, IAS                              | Managing Director.    | 01532892 |
| Shri D. V. Parikh                                   | ED& CFO               | 07653680 |
| Shri A. C. Shah                                     | CS&GM [Legal]         | 06745194 |

**10. Details of Review of NGRBCs by the Company:**

| Subject for Review   | Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee  | Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify) |
|--|---|--|
|  | P 1 P 2 P 3 P 4 P 5 P 6 P 7 P 8 P 9   | P 1 P 2 P 3 P 4 P 5 P 6 P 7 P 8 P 9                                      |
| <b>Performance against above policies and follow up action.</b>  | The Business Responsibility Policies of GNFC are reviewed on a periodic or on-a-need basis by Senior Management Team. During the review, efficacy of the Policies is reviewed and necessary changes to the Policies and procedures are implemented. |  |
| <b>Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances.</b> | GNFC is in compliance with the existing Regulations. Statutory Compliance Certificate on applicable laws is provided by the Company Secretary to the Board of Directors.  |  |

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| 11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.   |    |    |    |    |    |    |    |    |
|---|----|----|----|----|----|----|----|----|
| P1  | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| GNFC conducts periodic review of the Charters and Policies internally by the Senior Management Team and Board Committees which then drives the Policies, Projects and performance of the aspects of Business Responsibility and Sustainability. |    |    |    |    |    |    |    |    |

| 12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:  |    |    |    |    |    |    |    |    |
|---|----|----|----|----|----|----|----|----|
| P1  | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| Not Applicable.<br>GNFC has formulated Policies in accordance with nine NGRBC Principles.<br>Kindly refer to the explanation of Question 1, Section B of this Report. |    |    |    |    |    |    |    |    |

### SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

#### PRINCIPLE 1 : BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE.

##### ESSENTIAL INDICATORS

| 1. Percentage coverage by training and awareness programmes on any of the principles during the financial year: |  |  |   |
|---|--|--|---|
| Segment   | Total number of training and awareness programmes held | Topics / principles covered under the training and its impact  | % age of persons in respective category covered by the awareness programmes |
| <b>Board of Directors</b>   | 1  | Training on economy and environmental, social and governance parameters.   | 100   |
| <b>Key Managerial Personnel</b>   | 1  | Training on Prevention of Sexual Harassment (POSH), Code of Conduct for the Executives in Senior Management, Code of Conduct for prevention of insider trading in securities of the company, Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information. | 100   |
| <b>Employees other than BoD and KMPs</b>  | 81   | Training on Prevention of Sexual Harassment (POSH), Code of Conduct for the Executives in Senior Management, Code of Conduct for prevention of insider trading in securities of the company, Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information. | 73.10   |
| <b>Workers</b>  | 102  | Safety training for contract workers carried out at various plant locations covering all relevant topics on workplace safety and general Safety. Total 1413 Contract Workers have participated in the Training.  | 73.13   |

**2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

GNFC has not received any form of fine/ penalties/ punishment/ award/ compounding fees for the reporting period.

| <b>Monetary</b>        |                        |   |                        |                          |   |
|------------------------|------------------------|---|------------------------|--------------------------|---|
|                        | <b>NGRBC Principle</b> | <b>Name of the regulatory/ enforcement agencies/judicial institutions</b> | <b>Amount (In INR)</b> | <b>Brief of the Case</b> | <b>Has an appeal been preferred? (Yes/No)</b> |
| <b>Penalty/ Fine</b>   | Nil                    | Nil   | Nil                    | Nil                      | Nil   |
| <b>Settlement</b>      | Nil                    | Nil   | Nil                    | Nil                      | Nil   |
| <b>Compounding fee</b> | Nil                    | Nil   | Nil                    | Nil                      | Nil   |
| <b>Non-Monetary</b>    |                        |   |                        |                          |   |
|                        | <b>NGRBC Principle</b> | <b>Name of the regulatory/ enforcement agencies/judicial institutions</b> | <b>Amount (In INR)</b> | <b>Brief of the Case</b> | <b>Has an appeal been preferred? (Yes/No)</b> |
| <b>Imprisonment</b>    | Nil                    | Nil   | Nil                    | Nil                      | Nil   |
| <b>Punishment</b>      | Nil                    | Nil   | Nil                    | Nil                      | Nil   |

**3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

| <b>Case Details</b>  | <b>Name of the regulatory/ enforcement agencies/ judicial institutions</b> |
|--|--|
| Not Applicable. GNFC has not received any form of fine/ penalties/ punishment/ award/ compounding fees against any of the NGRBC Principles for the reporting period. |  |

**4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes. GNFC has established and implemented Business Responsibility Policy which imbibes anti-corruption and anti-bribery. The Policy applies to the business operations of GNFC. The Policy has been developed on the basis of the principles of conducting and governing the business with Ethics, Transparency and Accountability. GNFC is also committed to conducting its business in accordance with the applicable laws, rules, and regulations and with the highest standards of business ethics. GNFC has a zero-tolerance approach for the practices that are abusive, corrupt or anti-competitive. GNFC has also established and implemented a Whistleblower Policy and Vigil Mechanism to provide a formal mechanism to the Stakeholders to report their concerns about unethical behavior, actual or suspected fraud or violation of the Code of Conduct and the Policies. The Policies are being hosted on GNFC's Webpage <https://www.gnfc.in/code-of-conducts-policies/>

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| 5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption: |                                      |                                       |
|--|--------------------------------------|---------------------------------------|
|  | FY 2022-23<br>Current Financial Year | FY 2021-22<br>Previous Financial Year |
| Directors  | Nil                                  | Nil                                   |
| KMPs   | Nil                                  | Nil                                   |
| Employees  | Nil                                  | Nil                                   |
| Workers  | Nil                                  | Nil                                   |

| 6. Details of complaints with regard to conflict of interest:                                |                                      |         |                                       |         |
|--|--------------------------------------|---------|---------------------------------------|---------|
|  | FY 2022-23<br>Current Financial Year |         | FY 2021-22<br>Previous Financial Year |         |
|  | Number                               | Remarks | Number                                | Remarks |
| Number of complaints received in relation to issues of Conflict of Interest of the Director. | Nil                                  | Nil     | Nil                                   | Nil     |
| Number of complaints received in relation to issues of Conflict of Interest of the KMPs.     | Nil                                  | Nil     | Nil                                   | Nil     |

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable.  
GNFC has not received any form of fine/ penalties / punishment / award/ compounding fees against any of the NGRBC Principles for this reporting period. Hence, no such corrective actions are being taken or underway on issues related to fines / penalties / action taken by regulators / law enforcement agencies / judicial institutions, on cases of corruption and conflicts of interest.

### PRINCIPLE 2 : BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE. ESSENTIAL INDICATORS

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

|       | Current<br>FY 2022-23 | Previous<br>FY 2021-22 | Details of improvement in environmental & social impacts  |
|-------|-----------------------|------------------------|---|
| R&D   | 100                   | 100                    | The organization has taken various initiatives to improve environmental and social impacts. Kindly refer Section B -Question 7. |
| Capex | Nil                   | Nil                    | Not Applicable  |

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes. GNFC has established and implemented the Supplier Code of Conduct. The Code applies to Suppliers / Vendors / Service Providers / Traders / Agents / Contractors / Consultants, who have business relationship with and provide, sell, or seek to sell any kinds of goods or services to GNFC. Suppliers are required to comply with all the applicable regulations. Suppliers are being selected based on the appropriate Environmental and Social criteria. Suppliers have to register themselves on the 'Vendor Registration Portal' of GNFC. The Supplier Code of Conduct and the link for Vendor registration are hosted on GNFC's Webpage on the following Links:

[http://eip.gnfc.in/EIP\\_MM\\_ORA/login.do](http://eip.gnfc.in/EIP_MM_ORA/login.do)  
Supplier-code-of-conduct-30-7-20-final.pdf (gnfc.in)

b. If yes, what percentage of inputs were sourced sustainably?

100%.

**3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

**Plastic Waste**  
Rigid and flexible plastic waste is generated from Operations. GNFC has obtained authorization under Plastic Waste Management Rule-2016 from the Central Pollution Control Board (CPCB). GNFC is committed to comply with the requirements of Extended Producer Responsibility (EPR) as mandated by the Gujarat Pollution Control Board (GPCB).  
For this reporting period, GNFC has fulfilled the EPR target of 70% and has set a target of 100% EPR fulfillment by 2024-25.

**Hazardous Waste**  
Land fillable hazardous waste is disposed of through GPCB-approved authorized Vendors to GPCB-approved Authorized Facilities.

**Co-processable waste**  
TDI Tar which is generated from TDI Plant is sent to cement industries (in Gujarat and Rajasthan) for co-processing as an alternative fuel. This is replacing the equivalent quantity of coal consumption at cement industries. Other incinerable hazardous waste is being disposed to the GPCB approved common hazardous waste incineration facility.

**4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Yes. GNFC has obtained authorization under Plastic Waste Management Rule-2016 from Central Pollution Control Board (CPCB). GNFC is committed to complying with the requirements of Extended Producer Responsibility (EPR) as mandated by Gujarat Pollution Control Board (GPCB).  
GNFC's waste collection plan is in line with the EPR plan submitted to Pollution Control Board. GNFC has engaged the plastic waste processor to fulfill the EPR liability.  
For this reporting period, GNFC has fulfilled EPR target of 70% and has set target of 100% EPR fulfillment by 2024-25.

**PRINCIPLE 3: BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS.**

**ESSENTIAL INDICATORS**

**1. Well-being:  
a. Details of measures for the well-being of employees:**

| Category                              | % Of employees covered by |                  |         |                    |         |                    |         |                    |         |                     |         |
|---------------------------------------|---------------------------|------------------|---------|--------------------|---------|--------------------|---------|--------------------|---------|---------------------|---------|
|                                       | Total (A)                 | Health insurance |         | Accident Insurance |         | Maternity Benefits |         | Paternity Benefits |         | Day Care facilities |         |
|                                       |                           | Number (B)       | % (B/A) | Number (C)         | % (C/A) | Number (D)         | % (D/A) | Number (E)         | % (E/A) | Number (F)          | % (F/A) |
| <b>Permanent Employees</b>            |                           |                  |         |                    |         |                    |         |                    |         |                     |         |
| <b>Male</b>                           | 2,211                     | 2,211            | 100     | 2,211              | 100     | -                  | -       | Nil                | Nil     | Nil                 | Nil     |
| <b>Female</b>                         | 64                        | 64               | 100     | 64                 | 100     | 64                 | 100     | -                  | -       | Nil                 | Nil     |
| <b>Total</b>                          | 2,275                     | 2,275            | 100     | 2,275              | 100     | -                  | -       | -                  | -       | -                   | -       |
| <b>Other than Permanent Employees</b> |                           |                  |         |                    |         |                    |         |                    |         |                     |         |
| <b>Male</b>                           | 191                       | 191              | 100     | 191                | 100     | -                  | -       | Nil                | Nil     | Nil                 | Nil     |
| <b>Female</b>                         | 24                        | 24               | 100     | 24                 | 100     | 24                 | 100     | -                  | -       | Nil                 | Nil     |
| <b>Total</b>                          | 215                       | 215              | 100     | 215                | 100     | -                  | -       | -                  | -       | -                   | -       |

| b. Details of measures for the well-being of workers: |                         |                  |         |                    |         |                    |         |                    |         |                     |         |
|---|-------------------------|------------------|---------|--------------------|---------|--------------------|---------|--------------------|---------|---------------------|---------|
| Category  | % Of workers covered by |                  |         |                    |         |                    |         |                    |         |                     |         |
|   | Total (A)               | Health insurance |         | Accident insurance |         | Maternity Benefits |         | Paternity Benefits |         | Day Care facilities |         |
|   |                         | Number (B)       | % (B/A) | Number (C)         | % (C/A) | Number (D)         | % (D/A) | Number (E)         | % (E/A) | Number (F)          | % (F/A) |
| <b>Permanent workers</b>                              |                         |                  |         |                    |         |                    |         |                    |         |                     |         |
| Male  | 0                       | -                | -       | -                  | -       | -                  | -       | -                  | -       | -                   | -       |
| Female  | 0                       | -                | -       | -                  | -       | -                  | -       | -                  | -       | -                   | -       |
| Total   | 0                       | -                | -       | -                  | -       | -                  | -       | -                  | -       | -                   | -       |
| <b>Other than Permanent workers</b>                   |                         |                  |         |                    |         |                    |         |                    |         |                     |         |
| Male  | 1,820                   | 1,820            | 100     | 1,820              | 100     | -                  | -       | Nil                | Nil     | Nil                 | Nil     |
| Female  | 112                     | 112              | 100     | 112                | 100     | 112                | 100     | -                  | -       | Nil                 | Nil     |
| Total   | 1,932                   | 1,932            | 100     | 1,932              | 100     | -                  | -       | -                  | -       | -                   | -       |

| 2. Details of retirement benefits for Current Financial Year and Previous Financial Year. |  |  |  |  |  |  |
|---|--|--|--|--|--|--|
| Benefits  | FY 2022-23<br>Current Financial Year               |  |  | FY 2021-22<br>Previous Financial Year              |  |  |
|   | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) |
| ESI   | -  | -  | -  | -  | -  | -  |
| PF  | 4.78   | -  | Y  | 4.11   | -  | Y  |
| Gratuity  | 4.78   | -  | Y  | 4.11   | -  | Y  |
| Others  | -  | -  | -  | -  | -  | -  |

**3. Accessibility of workplaces - Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**

Yes. GNFC's Corporate Office and Plants are accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016.

**4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

Yes. GNFC is committed to providing equal opportunity for all the employees. GNFC has a zero-tolerance approach towards any discriminatory cases based on race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin, disability or any other category protected by the laws. Equal opportunity is part of GNFC's Business Responsibility Policy and is hosted on its Website - <https://www.gnfc.in/wp-content/uploads/2021/04/GNFC-BR-Policy2017.pdf>



| 5. Return to work and Retention rates of permanent employees and workers that took parental leave. |                         |                    |                     |                |
|--|-------------------------|--------------------|---------------------|----------------|
| Gender   | Permanent Employees     |                    | Permanent Workers   |                |
|  | Return to work rate (%) | Retention rate (%) | Return to work rate | Retention rate |
| Male   | -                       | -                  | -                   | -              |
| Female   | 100                     | 100                | -                   | -              |
| Total  | -                       | -                  | -                   | -              |

**6. Is there a mechanism available to receive & redress grievances for the following categories of employees & workers? If yes, give details of the mechanism in brief.**

|                                | Yes/No (If Yes, then give details of the mechanism in brief)   |
|--------------------------------|--|
| Permanent Workers              | Yes. GNFC has established a comprehensive grievance redressal mechanism. Nominated HR Specified Point of Contact (SPOC) acts as a Grievance Redressal Officer. Grievances can be reported through Email, verbally and through letters to HR or to MD. Nominated HR SPOC is responsible to analyze the grievances and send it to the concerned Department for further investigation, resolution and feedback.                       |
| Other than Permanent Workers   |  |
| Permanent Employees            |  |
| Other than Permanent Employees | GNFC has established an Industrial Relations Committee. The Committee is responsible to investigate any grievances received from employees. . The Committee comprises of Fifteen (15) Members with representatives from Management and Staff Union.<br>Other than permanent workers can raise their grievances through their respective Contractors. The Contractor in turn will forward the same to HR Dept. to address the same. |

**7. Membership of employees & workers in association(s) or Unions recognized by the listed entity:**

| Category                        | FY 2022-23 (Current Financial Year)                  |  |           | FY 2021-22 (Previous Financial Year)                 |  |           |
|---------------------------------|--|--|-----------|--|--|-----------|
|                                 | Total employees / workers in respective category (A) | No. of employees / workers in respective category, who are part of association(s) or Union (B) | % (B / A) | Total employees / workers in respective category (C) | No. of employees / workers in respective category, who are part of association(s) or Union (D) | % (D / C) |
| <b>Total Permanent Employee</b> |  |  |           |  |  |           |
| Total                           | 2,275  | 1,457  | 64.04     | 2,392  | 1,494  | 62.46     |
| Male                            | 2,211  | 1,420  | 64.22     | 2,328  | 1,456  | 62.54     |
| Female                          | 64   | 38   | 59.38     | 64   | 38   | 59.38     |
| <b>Total Permanent Workers</b>  |  |  |           |  |  |           |
| Total                           | Nil  | Nil  | Nil       | Nil  | Nil  | Nil       |
| Male                            | Nil  | Nil  | Nil       | Nil  | Nil  | Nil       |
| Female                          | Nil  | Nil  | Nil       | Nil  | Nil  | Nil       |

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### DIRECTORS' REPORT

| 8. Details of training given to employees & workers: |                                    |                               |              |                       |              |                                     |                               |              |                       |              |
|--|------------------------------------|-------------------------------|--------------|-----------------------|--------------|-------------------------------------|-------------------------------|--------------|-----------------------|--------------|
| Category   | FY 2022-23(Current Financial Year) |                               |              |                       |              | FY 2021-22(Previous Financial Year) |                               |              |                       |              |
|  | Total (A)                          | On Health and Safety Measures |              | On Skills upgradation |              | Total (D)                           | On Health and Safety Measures |              | On Skills upgradation |              |
|  |                                    | No. (B)                       | % (B/A)      | No. (C)               | % (C/A)      |                                     | No. (E)                       | % (E/D)      | No. (F)               | % (F/D)      |
| <b>Employees</b>                                     |                                    |                               |              |                       |              |                                     |                               |              |                       |              |
| Male   | 2,402                              | 695                           | 28.95        | 834                   | 34.72        | 2,520                               | 1,049                         | 41.63        | 942                   | 37.38        |
| Female   | 88                                 | 18                            | 20.45        | 25                    | 28.41        | 84                                  | 23                            | 27.38        | 28                    | 33.33        |
| <b>Total</b>   | <b>2,490</b>                       | <b>713</b>                    | <b>28.63</b> | <b>859</b>            | <b>34.50</b> | <b>2,604</b>                        | <b>1,072</b>                  | <b>41.17</b> | <b>970</b>            | <b>37.25</b> |
| <b>Workers</b>                                       |                                    |                               |              |                       |              |                                     |                               |              |                       |              |
| Male   | 1,820                              | 1413                          | 77.6         | Nil                   | Nil          | 1,780                               | 815                           | 45.78        | Nil                   | Nil          |
| Female   | 112                                | Nil                           | Nil          | Nil                   | Nil          | 112                                 | Nil                           | Nil          | Nil                   | Nil          |
| <b>Total</b>   | <b>1,932</b>                       | <b>1413</b>                   | <b>73.13</b> | <b>Nil</b>            | <b>Nil</b>   | <b>1,892</b>                        | <b>815</b>                    | <b>43.07</b> | <b>Nil</b>            | <b>Nil</b>   |

| 9. Details of performance & career development reviews of employees & workers: |                                     |              |            |                                      |              |            |  |
|--|-------------------------------------|--------------|------------|--------------------------------------|--------------|------------|--|
| Category   | FY 2022-23 (Current Financial Year) |              |            | FY 2021-22 (Previous Financial Year) |              |            |  |
|  | Total (A)                           | No. (B)      | % (B/A)    | Total (D)                            | No. (C)      | % (D/C)    |  |
| <b>Employees</b>   |                                     |              |            |                                      |              |            |  |
| Male   | 2,402                               | 2,402        | 100        | 2,520                                | 2,520        | 100        |  |
| Female   | 88                                  | 88           | 100        | 84                                   | 84           | 100        |  |
| <b>Total</b>   | <b>2,490</b>                        | <b>2,490</b> | <b>100</b> | <b>2,604</b>                         | <b>2,604</b> | <b>100</b> |  |
| <b>Workers</b>   |                                     |              |            |                                      |              |            |  |
| Male   | 1,820                               | -            | -          | 1,780                                | -            | -          |  |
| Female   | 112                                 | -            | -          | 112                                  | -            | -          |  |
| <b>Total</b>   | <b>1,932</b>                        | <b>-</b>     | <b>-</b>   | <b>1,892</b>                         | <b>-</b>     | <b>-</b>   |  |

Note:

There are no permanent workers in GNFC. Other than permanent workers are engaged through independent contractor.

|  |
|--|
| <p><b>10. Health and safety management system:</b></p>   |
| <p><b>a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage of such system?</b></p>  |
| <p>Yes. An Occupational Health and Safety Management System has been implemented across all Operations including Bharuch and TDI-II, Dahej Plant. GNFC has established a well-structured Occupational Health and Safety Policy for effective implementation of Occupational Health &amp; Safety Management System.</p>   |
| <p><b>b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?</b></p>   |
| <p>GNFC has implemented Hazard Identification and Risk Assessment (HIRA) process to identify work related hazards which include routine and non-routine activities. GNFC conducts job safety analysis for routine and non-routine activities. The HIRA register is being maintained and reviewed on half-yearly basis. HAZOP Study also being carried out as part of management change process. The following hierarchy of controls are taken to reduce the work-related hazards and risks:</p> <ul style="list-style-type: none"> <li>- Well established work permit system.</li> <li>- Electrical isolation system.</li> <li>- Safety observations reporting system.</li> <li>- Incident / Near-miss reporting, analysis and investigation system.</li> <li>- Monitoring and execution of statutory compliance pertaining to legal requirement applicable to Processes, plants and equipment.</li> <li>- Distribution and Maintenance of suitable Personal Protective equipment.</li> <li>- Monitoring and maintenance of all fire related equipment to mitigate any emergency situation in the plant.</li> <li>- Conducting Fire turnout drills, mock-drills, and tabletop exercise to enhance the Emergency Management system by incorporating the recommendations thereof.</li> </ul> |
| <p><b>c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Yes/No)</b></p>  |
| <p>Yes.<br/>GNFC has an online accident reporting system (ARS) to report &amp; record near-miss, accident and dangerous occurrence in the plant. Employees are encouraged to report near-miss in the workplace into online ARS. GNFC has established system to impart Occupational Health and Safety training to Employees / Workers. GNFC has also established a system to record and review any safety-related observations, near miss, unsafe act and conditions. Safety committee &amp; Safety sub-committee members also report unsafe act &amp; condition prevailing in the plant and action plan is being sent to respective department for compliance.</p>   |
| <p><b>d. Do the employees / worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)</b></p>  |
| <p>Yes. GNFC has made available medical services to its employees and their family members.</p>  |

| 11. Details of safety-related incidents in the following format:              |           |                                      |                                       |
|---|-----------|--------------------------------------|---------------------------------------|
| Safety Incident/Number  | Category  | FY 2022-23<br>Current Financial Year | FY 2021-22<br>Previous Financial Year |
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | 0.50                                 | 0.16                                  |
|   | Workers   | 0.43                                 | 0.66                                  |
| Total recordable work-related injuries  | Employees | 3                                    | 1                                     |
|   | Workers   | 2                                    | 3                                     |
| No. of fatalities   | Employees | Nil                                  | Nil                                   |
|   | Workers   | Nil                                  | Nil                                   |
| High consequence work-related injury or ill-health (excluding fatalities)     | Employees | Nil                                  | Nil                                   |
|   | Workers   | Nil                                  | Nil                                   |

### 12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Health and safety is considered as an important management activity that requires a culture of continual improvement. Site-level HSE team advise, suggests and supports all operations and employees in integrating health and safety standards into their operational planning, business decisions and daily process activities. GNFC has established and implemented Integrated Management System in line with ISO 45001:2018 and ISO: 14001:2015. Site health and safety personnel are trained to identify, alleviate and control risks specific to their operations. Health and safety-related training, awareness sessions and inspections are carried out on a periodic basis.

GNFC has formulated two safety sub-committees, namely, Apex Safety Sub-Committee and Plant wise Sub-Safety Committees to review, monitor and deliberate upon health & safety matters.

Periodical internal and external safety audits are conducted and compliance report is reviewed and monitored at the top level. Safety is given top priority since the design stage of the Plant with in-built safety criteria. Plant operation is being managed by trained and experienced manpower along with integration of effective instrumentation such as DCS/PLC for taking care of the processes.

GNFC also has well established Permit to Work System for various jobs in the Plant along with an effective near miss reporting and investigation system in place.

GNFC has also a strong focus to create awareness among its employees and other stakeholders on health & safety practices. As a part of this, GNFC organized annual health and safety quiz to create awareness among its employees and workers. Appropriate reward system is also in place to motivate employees and workers. Health & safety skits were organized in township to provide generate awareness within community. Safety training were conducted in schools, colleges, and old age homes on basic awareness on health and safety. Some of the initiatives implemented in 2022-2023 during National Safety Week Celebration are as follows:

- 1,800 employees have participated in Online Safety quiz.
- 56 nos. of employees & 70 nos. of contract workers have participated in Breathing apparatus set rescue competition.
- 84 nos. of employees have participated in Group safety quiz competition.
- Organized Safety training & Quiz competition with spot reward for contract workers.
- Training on Safe transportation of hazardous chemicals imparted to Auto tanker drivers at regular frequency.

Safety skit play was performed by three (3) different groups of employees on various topics like "Suraksha ni Sabhanta", "Safety negligence" and "overconfidence during daily routine jobs."

F&S Department has arranged various programs to create safety awareness in December 2022 during Annual Science Fair for school children organized by Narmada Community Science Center (NCSC):

- Live fire show with demonstration for use of fire extinguisher.

- Demonstrated use of Industrial Fire & Safety equipment as well as displayed posters for home safety & road safety awareness.
- Organized Safety quiz competition on home safety and road safety for school children and surrounding community.
- Arranged Hunting the hazard game for school children.

F&S Department also observed National Fire Service Day on 14<sup>th</sup> April conducting various fire safety awareness program. GNFC has a well-equipped firefighting system and qualified and trained fire crew in place, with the help of which GNFC extends support to Bharuch Municipality and other nearby industrial areas in case of any community / industrial fire hazard.

As a part of fire & safety awareness among the nearby community, first aid training and evacuation drills were conducted as follows:

- 18<sup>th</sup> July 2022: Narmada College, Bharuch.
- 14<sup>th</sup> Sept 2022: Old age Home, Kasak, Bharuch.
- 26<sup>th</sup> & 28<sup>th</sup> Sept 2022: Z P School, Maktampur, Bharuch.

GNFC successfully attended to fifteen (15) fire calls from other industries / areas to control fire incidents.

**13. Number of Complaints on the following made by employees & workers:**

|                            | FY 2022-23<br>Current Financial Year |                                       |         | FY 2021-22<br>Previous Financial Year |                                       |         |
|----------------------------|--------------------------------------|---------------------------------------|---------|---------------------------------------|---------------------------------------|---------|
|                            | Filed during the year                | Pending resolution at the end of year | Remarks | Filed during the year                 | Pending resolution at the end of year | Remarks |
| <b>Working Conditions</b>  | Nil                                  | Nil                                   | Nil     | Nil                                   | Nil                                   | Nil     |
| <b>Health &amp; Safety</b> | Nil                                  | Nil                                   | Nil     | Nil                                   | Nil                                   | Nil     |

**14. Assessments for the year:**

|                                    | % Of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|------------------------------------|---|
| <b>Health and safety practices</b> | 100   |
| <b>Working Conditions</b>          | 100   |

Note: M/s. Pro-safe Safety Services (I) Pvt. Ltd. has conducted third party safety audit at Bharuch and TDI-II, Dahej Plant in January 2022 and March, 2022 respectively and all observations were complied. Safety audit report with its compliance has been submitted to Directorate of Industrial Safety & Health Office, Bharuch.

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

There were no incidents of fatalities and reportable disability reported during the last reporting period FY 2022-23. There were only first-aid-related incidents reported during the reporting period which have been investigated and appropriate corrective and preventive actions have been taken to avoid the recurrence. Toolbox talks are conducted on daily basis to reduce the potential work-related hazards and risks. Trainings on Standard Operating Procedure (SOPs) are imparted on a periodic basis.

## DIRECTORS' REPORT

### PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS.

#### ESSENTIAL INDICATORS

**1. Describe the processes for identifying key stakeholder groups of the entity.**  
GNFC has identified its internal and external groups of Stakeholders and following are the Stakeholder groups which have immediate impact on the operations and working of GNFC.

| S.No. | Stakeholder Group                      | Importance   |
|-------|--|--|
| 1     | Suppliers & Vendors                    | The suppliers and vendors provides critical raw material for the GNFC's products.  |
| 2     | Employees & Workers                    | Employees and workers are powerhouse of GNFC's business.   |
| 3     | Logistic partners                      | Logistic partners play vital role in safe and responsible transportation of the raw material and final products of GNFC.   |
| 4     | Regulatory authorities                 | Regulatory authorities such as Ministry of Environment, Forest & Climate Change, State Pollution Control Board, Central Pollution Control Board, other local authorities and court of law guides GNFC on how to operate in environmentally sound manner. |
| 5     | Community                              | All the employees, workers and customers (farmers) of GNFC belong to the community at large.   |
| 6     | Farmers                                | Farmers plays a vital role in GNFC's positive market presence.   |
| 7     | Customers other than farmers           | Customer plays a vital role in GNFC's positive market presence.  |
| 8     | Board of Directors & Senior Management | Board of Directors and Senior Management of GNFC are the driving force for the decision making process.  |

**2. List stakeholder groups identified as key for your entity & the method, frequency & purpose of engagement with each stakeholder group.**

| Stakeholder group   | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Emails, SMS, Newspapers, Pamphlets, Advertisement, Community meetings, Notices Board, Website)   | Frequency of engagement (Annually/ Half yearly/ Quarterly/others) - Please specify | Purpose and scope of engagement including key topics and concerns raised during such engagements  |
|---------------------|--|---|--|---|
| Employees & Workers | N  | <ul style="list-style-type: none"> <li>▪ Departmental meetings.</li> <li>▪ HR Programs.</li> <li>▪ Meetings, seminars and reviews.</li> <li>▪ Circulars.</li> </ul> | Periodically.  | <ul style="list-style-type: none"> <li>▪ Understanding the expectations of the employees and workers.</li> <li>▪ Discussion on fair remuneration structure.</li> </ul>    |
| Logistic Partner    | N  | <ul style="list-style-type: none"> <li>▪ Logistic partner meets.</li> </ul>   | Periodically.  | <ul style="list-style-type: none"> <li>▪ Discussion on the safe and responsible transportation of raw material and final products.</li> </ul>                             |
| Farmers             | N  | <ul style="list-style-type: none"> <li>▪ Farmers meet.</li> </ul>   | Periodically.  | <ul style="list-style-type: none"> <li>▪ Procuring feedback from the customers and areas of improvement.</li> <li>▪ Quality &amp; reliability of the products.</li> </ul> |

|                                     |   |   |               |   |
|-------------------------------------|---|---|---------------|---|
| Customers other than farmers        | N | <ul style="list-style-type: none"> <li>▪ Formal &amp; informal feedback.</li> <li>▪ Email.</li> <li>▪ Monthly magazines.</li> </ul> | Periodically. | <ul style="list-style-type: none"> <li>▪ Procuring feedback from the customers and areas of improvement.</li> <li>▪ Quality &amp; reliability of the products.</li> </ul> |
| Government Regulatory / Authorities | N | <ul style="list-style-type: none"> <li>▪ Scheduled meetings.</li> </ul>   | Periodically. | <ul style="list-style-type: none"> <li>▪ On time compliance of environment &amp; social regulations.</li> </ul>   |
| Community                           | N | <ul style="list-style-type: none"> <li>▪ CSR meets.</li> <li>▪ Stakeholder meets.</li> </ul>  | Periodically. | <ul style="list-style-type: none"> <li>▪ Understanding the expectations of communities with respect to CSR initiatives.</li> </ul>  |
| Vendors and Suppliers               | N | <ul style="list-style-type: none"> <li>▪ Contract revision &amp; negotiation meetings.</li> <li>▪ Suppliers meet.</li> </ul>        | Periodically. | <ul style="list-style-type: none"> <li>▪ Contract negotiation.</li> </ul>   |

**PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS.**
**ESSENTIAL INDICATORS**

| 1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format: |  |                                      |                |   |                                      |                |
|---|--|--------------------------------------|----------------|---|--------------------------------------|----------------|
| Category  | FY 2022-2023<br>Current Financial Year |                                      |                | FY 2021-2022<br>Previous Financial Year |                                      |                |
|   | Total (A)                              | No. of employees/workers covered (B) | % (B/A)        | Total (C)                               | No. of employees/workers covered (D) | % (D/C)        |
| <b>Employees</b>  |  |                                      |                |   |                                      |                |
| <b>Permanent</b>  | 2,275                                  | 2,004                                | 88.09          | 2,392                                   | 2,025                                | 84.66          |
| <b>Other than permanent</b>   | 215                                    | 193                                  | 89.77          | 212                                     | 115                                  | 54.25          |
| <b>Total Employees</b>  | 2,490                                  | 2,197                                | 88.23          | 2,604                                   | 2,140                                | 82.18          |
| <b>Workers</b>  |  |                                      |                |   |                                      |                |
| <b>Permanent</b>  | 0                                      | Not Applicable                       | Not Applicable | 0                                       | Not Applicable                       | Not Applicable |
| <b>Other than permanent</b>   | 1,932                                  | -                                    | -              | 1,892                                   | -                                    | -              |
| <b>Total Workers</b>  | 1,932                                  | -                                    | -              | 1,892                                   | -                                    | -              |
| <b>Note:</b>  |  |                                      |                |   |                                      |                |
| Not Applicable  |  |                                      |                |   |                                      |                |
| - There are no permanent workers.   |  |                                      |                |   |                                      |                |
| - Training on human rights has not been conducted for other than permanent workers for the reporting period.                            |  |                                      |                |   |                                      |                |

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### DIRECTORS' REPORT

| 2. Details of minimum wages paid to workers & employees in the following format: |                                      |                       |           |                        |           |                                       |                       |           |                        |          |
|--|--------------------------------------|-----------------------|-----------|------------------------|-----------|---------------------------------------|-----------------------|-----------|------------------------|----------|
| Category   | FY 2022-23<br>Current Financial Year |                       |           |                        |           | FY 2021-22<br>Previous Financial Year |                       |           |                        |          |
|  | Total (A)                            | Equal to Minimum Wage |           | More than Minimum Wage |           | Total (D)                             | Equal to Minimum Wage |           | More than Minimum Wage |          |
|  |                                      | No. (B)               | % (B / A) | No.(C)                 | % (C / A) |                                       | No.(E)                | % (E / D) | No.(F)                 | % (F /D) |
| <b>Employees</b>   |                                      |                       |           |                        |           |                                       |                       |           |                        |          |
| <i>Permanent</i>   |                                      |                       |           |                        |           |                                       |                       |           |                        |          |
| Male   | 2,211                                | Nil                   | Nil       | 2,211                  | 100       | 2,328                                 | Nil                   | Nil       | 2,328                  | 100      |
| Female   | 64                                   | Nil                   | Nil       | 64                     | 100       | 64                                    | Nil                   | Nil       | 64                     | 100      |
| <i>Other than Permanent</i>  |                                      |                       |           |                        |           |                                       |                       |           |                        |          |
| Male   | 191                                  | Nil                   | Nil       | 191                    | 100       | 192                                   | Nil                   | Nil       | 192                    | 100      |
| Female   | 24                                   | Nil                   | Nil       | 24                     | 100       | 20                                    | Nil                   | Nil       | 20                     | 100      |
| <b>Workers</b>   |                                      |                       |           |                        |           |                                       |                       |           |                        |          |
| <i>Permanent</i>   |                                      |                       |           |                        |           |                                       |                       |           |                        |          |
| Male   | Nil                                  | -                     | -         | -                      | -         | -                                     | -                     | -         | -                      | -        |
| Female   | Nil                                  | -                     | -         | -                      | -         | -                                     | -                     | -         | -                      | -        |
| <i>Other than Permanent</i>  |                                      |                       |           |                        |           |                                       |                       |           |                        |          |
| Male   | 1,820                                | Nil                   | Nil       | 1,820                  | 100       | 1,780                                 | Nil                   | Nil       | 1,780                  | 100      |
| Female   | 112                                  | Nil                   | Nil       | 112                    | 100       | 112                                   | Nil                   | Nil       | 112                    | 100      |
| <b>Note:</b>   |                                      |                       |           |                        |           |                                       |                       |           |                        |          |
| Not Applicable - There are no permanent workers.                                 |                                      |                       |           |                        |           |                                       |                       |           |                        |          |

| 3. Details of remuneration/salary/wages in the following format:   |        |        |   |        |   |
|--|--------|--------|---|--------|---|
|  | Number | Male   |   | Female |   |
|  |        | Number | Median remuneration/ salary/ wages of respective category | Number | Median remuneration/ salary/ wages of respective category |
| Board of Directors   | 10     |        | Kindly refer note   | 2      | -   |
| Key Managerial Personnel (Excluding Managing Director)   | 2      |        | 39,21,617   | 0      | -   |
| Employees other than BoD and KMP   | 2,400  |        | 15,32,922   | 88     | 10,38,764   |
| Workers  | -      |        | Kindly refer note   | -      | -   |
| <b>Note:</b> Remuneration of Non-Executive Directors (NEDs) is decided by the Board of Directors. NEDs are paid remuneration by way of Sitting Fees only for attending Board or Committees Meeting(s). They are paid sitting fees @ ₹ 17,500/- per Meeting attended by them.<br>In GNFC, Workers are engaged through third party contractor. |        |        |   |        |   |



**4. Do you have a focal point (Individual / Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No).**  
 Yes. Nominated HR SPOC is responsible for addressing human rights related issues across GNFC's business operations.

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues.**  
 Yes. GNFC has established a comprehensive grievance redressal mechanism. Nominated HR Specified Point Of Contact (SPOC) acts as a Grievance Redressal Officer. Grievances can be reported through Email, verbally and through letters to HR or to MD. Nominated HR SPOC is responsible to analyze the grievances and send it to the concerned Department for further investigation, resolution and feedback.  
 GNFC has established an Industrial Relations Committee. The Committee is responsible to investigate any grievances received from employees. The Committee comprises of Fifteen (15) Members with representatives from Management and Staff Union.  
 Other than Permanent Workers can raise their grievances through their respective Contractors. The Contractor in turn will forward the same to HR Dept. to address the same.

**6. Number of Complaints on the following made by employees and workers:**

|  | FY 2022-23<br>Current Financial Year |   |             | FY 2021-22<br>Previous Financial Year |   |         |
|--|--------------------------------------|---|-------------|---------------------------------------|---|---------|
|  | Filed during the year                | Pending resolution at the end of the year | Remarks     | Filed during the year                 | Pending resolution at the end of the year | Remarks |
| <b>Sexual Harassment</b>                 | 1                                    | Nil                                       | Refer Note. | 1                                     | Nil                                       | -       |
| <b>Discrimination at workplace</b>       | Nil                                  | Nil                                       | Nil         | Nil                                   | Nil                                       | Nil     |
| <b>Child Labour</b>                      | Nil                                  | Nil                                       | Nil         | Nil                                   | Nil                                       | Nil     |
| <b>Forced Labour/Involuntary Labour</b>  | Nil                                  | Nil                                       | Nil         | Nil                                   | Nil                                       | Nil     |
| <b>Wages</b>                             | Nil                                  | Nil                                       | Nil         | Nil                                   | Nil                                       | Nil     |
| <b>Other human rights related issues</b> | Nil                                  | Nil                                       | Nil         | Nil                                   | Nil                                       | Nil     |

**Note:** GNFC is committed to ensuring that all employees work in an environment that not only promote diversity and equality but also mutual trust, equal opportunity and respect for human rights. GNFC is also committed to provide a work environment that ensures every woman employee is treated with dignity and respect. GNFC has formulated a "Policy on Prevention of Sexual Harassment" in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. GNFC has constituted Internal Committee to redress the complaint(s).

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**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**  
 GNFC has “Vigil Mechanism-cum-Whistle Blower Policy” in place to provide a formal mechanism to the Directors and employees to report their genuine concerns about unethical behavior, actual or suspected fraud etc. The mechanism provides for adequate safeguards against victimization of employees, who use such mechanism. The Policy is displayed on the GNFC’s Website and can be accessed at the following Link:  
[https://www.gnfc.in/wp-content/uploads/2021/04/Vigil-Mechanism-Cum-Whistle%20Blower-Policy\\_21102014.pdf](https://www.gnfc.in/wp-content/uploads/2021/04/Vigil-Mechanism-Cum-Whistle%20Blower-Policy_21102014.pdf)

**8. Do human rights requirements form part of your business agreements and contracts? (Yes/No).**  
 Yes. GNFC has specific clauses included in the business Agreements and Contracts.

**9. Assessments for the year:**

|                             | % Of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|---|
| Child labour                | 100   |
| Forced/involuntary labour   | 100   |
| Sexual harassment           | 100   |
| Discrimination at workplace | 100   |
| Wages                       | 100   |
| Others – please specify     | -   |

**10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**  
 There was one incident related to POSH that was reported during this reporting year. The incident was communicated to the POSH Committee of GNFC for further investigation and resolution. An investigation was carried out by the POSH Committee. The incident report along with the proposed recommendations was forwarded to MD, GNFC, for decision making. To avoid such kind of incidents in the future, GNFC has taken appropriate corrective measures.

## PRINCIPLE 6 : BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT.

### ESSENTIAL INDICATORS

**1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

| Parameter  | FY 2022-23<br>Current Financial Year | FY 2021-22<br>Previous Financial Year |
|--|--------------------------------------|---------------------------------------|
| Total electricity consumption (A).   | 7,74,745.09 GJ                       | 6,54,894.50 GJ                        |
| Total fuel consumption (B).  | 4,22,99,121.70 GJ                    | 4,53,14,363.30 GJ                     |
| Energy consumption through other sources (C).  | Nil                                  | Nil                                   |
| Total energy consumption (A+B+C).  | 4,30,73,866.79 GJ                    | 4,59,69,257.80 GJ                     |
| Energy intensity per million rupee of turnover ( <i>Total energy consumption/turnover in million rupees</i> ). | 421.17                               | 531.92                                |
| Energy intensity ( <i>optional</i> ) – the relevant metric may be selected by the entity.                      | -                                    | -                                     |

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. – No. Independent assessment/ evaluation/assurance has not been carried out by an external agency.

**2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

Yes. GNFC has two production facilities identified as Designated Consumers (DC) under the PAT Scheme:

- **Urea plant:** DC reg. no.: FTZ0006GJ (Sector: Fertilizer Sector).
- **ANP plant:** DC reg. no.: FTZ0032GJ (Sector: Fertilizer Sector, Sub Sector: Complex Fertilizer).

**In PAT Cycle-I** (FY: 2012-13 to 2014-15) only Urea Plant was specified as DC. GNFC was given a target specific energy consumption (SEC) for FY 2014-15 which was 0.49 MTOE/ MT. GNFC had over-achieved the targeted SEC for PAT Cycle-I which is 0.436 MTOE/MT. For this achievement GNFC was awarded 33,557 nos. of Energy Saving Certificates (ESCerts) which were later banked with the Registry.

**In PAT Cycle-II** (FY: 2016-17 to 2018-19), along with Urea Plant, ANP was also notified as DC under Complex Fertilizer sector.

The Specific Energy Consumption (SEC) Target for Urea and ANP given as follows:

- **Urea:** SEC Target of 0.3907 MTOE/MT to be achieved by 2018-19. However, GNFC could not achieve the same and BEE had notified to purchase 8,668 nos. of ESCerts. However, GNFC already has surplus of 24,889 nos. of ESCerts.
- **ANP:** SEC Target of 0.2817 MTOE/MT was to be achieved by 2018-19. However, GNFC could not achieve the same and BEE had notified to purchase 10,464 nos. of ESCerts. As a remedial action, GNFC has purchased ESCerts as per the BEE's directive.

The ESCerts trading for PAT Cycle-II started from 14<sup>th</sup> February, 2023 till June, 2023 as per latest circular by BEE. The obligated purchase of 10,464 nos. of ESCerts for ANP DC has been completed by GNFC on the trading day of 14<sup>th</sup> February, 2023, while sales of Urea ESCerts are still in progress.

For the next PAT cycle till 2024-25, BEE has excluded/exempted Urea Plants and Complex Fertilizer Plants from PAT Scheme as per recommendations from DOF and FAI. These exclusions will be reviewed after 2024-25 based on then energy consumption norms as fixed by DoF/Niti Ayog as well as recommendations relevant to Nationally Determined Contribution (NDC) targets. Thus, no fresh Energy Saving Targets in Fertilizer Sector will be given to Urea as well as Complex Fertilizer Plants in subsequent PAT Cycles till 2025. However, now in case of any energy saving during the period, no ESCerts will be recommended by BEE.

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| 3. Provide details of the following disclosures related to water, in the following format:   |                                      |                                       |
|--|--------------------------------------|---------------------------------------|
| Parameter  | FY 2022-23<br>Current Financial Year | FY 2021-22<br>Previous Financial Year |
| <b>Water withdrawal by source (in kilolitres)</b>  |                                      |                                       |
| (i) Surface water  | 1,38,76,424                          | 1,40,42,976                           |
| (ii) Groundwater   | Nil                                  | Nil                                   |
| (iii) Third party water  | Nil                                  | Nil                                   |
| (iv) Seawater / desalinated water  | Nil                                  | Nil                                   |
| (v) Others (Purchase Water)  | 13,48,235                            | 11,74,507                             |
| <b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>  | 1,52,24,659                          | 1,52,17,483                           |
| <b>Total volume of water consumption (in kilolitres)</b>   | 1,52,38,365                          | 1,53,01,182                           |
| <b>Water intensity per million rupee of turnover (Water consumed / turnover)</b>   | 149.00                               | 177.05                                |
| <b>Water intensity (optional) – the relevant metric may be selected by the entity</b>  | -                                    | -                                     |
| <b>Note:</b> Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. –<br>No. |                                      |                                       |

| 4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation. ( Yes/ No ) |
|--|
| No.  |

| 5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:  |                     |                                      |                                       |
|--|---------------------|--------------------------------------|---------------------------------------|
| Parameter  | Please specify unit | FY 2022-23<br>Current Financial Year | FY 2021-22<br>Previous Financial Year |
| <b>NOx.</b>  | MT/Year             | 1,669                                | 887                                   |
| <b>Sox.</b>  | MT/Year             | 1,779                                | 1,524                                 |
| <b>Particulate matter (PM).</b>  | MT/Year             | 658                                  | 639                                   |
| <b>Persistent organic pollutants (POP).</b>  | MT/Year             | Nil                                  | Nil                                   |
| <b>Volatile organic compounds (VOC).</b>   | MT/Year             | Nil                                  | Nil                                   |
| <b>Hazardous air pollutants (HAP)</b>  | MT/Year             | Nil                                  | Nil                                   |
| <b>NH3</b>   | MT/Year             | 292                                  | 288                                   |
| <b>Total F</b>   | MT/Year             | Nil                                  | Nil                                   |
| <b>HC</b>  | MT/Year             | 1                                    | 0.5                                   |
| <b>CO</b>  | MT/Year             | 34                                   | 20                                    |
| <b>HCL</b>   | MT/Year             | Nil                                  | Nil                                   |
| <b>Others – please specify</b>   | MT/Year             | Nil                                  | Nil                                   |
| <b>Note:</b> Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. –<br>No. |                     |                                      |                                       |

| 6. Provide details of greenhouse gas emissions (Scope 1 & Scope 2 emissions) & its intensity in the following format:   |   |                                      |                                       |
|---|---|--------------------------------------|---------------------------------------|
| Parameter   | Unit  | FY 2022-23<br>Current Financial Year | FY 2021-22<br>Previous Financial Year |
| Total Scope 1 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available) | Metric tonnes of CO <sub>2</sub> equivalent | 32,11,773.08                         | 33,88,188.63                          |
| Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available) | Metric tonnes of CO <sub>2</sub> equivalent | 1,53,872.98                          | 1,30,069.32                           |
| Total Scope 1 and Scope 2 emissions per million rupee of turnover   | Rupees                                      | 32.90                                | 40.71                                 |
| Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity   | -   | -                                    | -                                     |

**Note:** Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Yes/No) If yes, name of the external agency. - No.

| 7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.  |
|--|
| <p>Yes. GNFC has taken several initiatives to reduce greenhouse gas emissions. GNFC is gradually shifting to renewable energy sources for electricity consumption and fuel consumption to reduce its carbon footprints. GNFC has developed green belt in 42% area of Bharuch Complex, comprising of different species of trees.</p> <p>On the occasion of “Azadi ka Amrit Mahotsav” GNFC is developing a strategic “Oxygen Park” in seventy acres of land as part of its green belt development initiatives.</p> |

| 8. Provide details related to waste management by the entity, in the following format: |                                      |                                       |
|--|--------------------------------------|---------------------------------------|
| Parameter  | FY 2022-23<br>Current Financial Year | FY 2021-22<br>Previous Financial Year |
| <b>Total Waste generated (in metric tonnes)</b>  |                                      |                                       |
| Plastic waste (A).   | 76.21                                | 59.5                                  |
| E-waste (B).   | 16.13                                | 6.78                                  |
| Bio-medical waste (C).   | 0.31                                 | 0.74                                  |
| Construction and demolition waste (D).   | 1,300                                | 748                                   |
| Battery waste (E).   | 5.76                                 | 7.78                                  |
| Radioactive waste (F).   | Nil                                  | Nil                                   |
| <b>Other Hazardous waste (G) -</b>   |                                      |                                       |
| Furnace debris.  | 23.21                                | 14.64                                 |
| Process Waste (Tarry residue).   | 5,222.42                             | 5,385.31                              |
| Organic residue from process.  | 0.4                                  | 0.5                                   |
| Spent Catalyst & Molecular Sieve.  | 40.90                                | 186.99                                |
| Waste & residues containing oil.   | 8.15                                 | 3.5                                   |
| Spent acid from batteries.   | Nil                                  | Nil                                   |
| Spent catalyst.  | 11.76                                | 59.73                                 |

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|   |                  |                  |
|---|------------------|------------------|
| Ethyl Acetate reactor residue.  | 175.42           | 140              |
| Process waste residue & Sludge of Paints, Inks, Pigments, Varnish & Lacquers.   | 0.5              | 0.4              |
| Empty Barrels containers / liners contaminate with hazardous chemicals / wastes.  | 97.81            | 18.06            |
| Spent Resin.  | 70               | 50               |
| ETP Sludge.   | 7,600            | 5,498.27         |
| Sludge from wet scrubber.   | 468              | 100              |
| Incinerator Ash .   | 230.3            | 259.3            |
| Gasifire Slag.  | 23.92            | 21.31            |
| Insulated Copper wire Scrap.  | 11.36            | 20.46            |
| Scrubbed liquid (Spent caustic) generated from TDI plant scrubbers.   | 4,222.12         | 4,225.12         |
| Other Non-hazardous waste generated (H) – (Insulation Waste).   | 96.30            | 87.98            |
| <b>Total (A+B + C + D + E + F + G + H).</b>   | <b>19,701.03</b> | <b>16,894.39</b> |
| <b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes).</b>                           |                  |                  |
| Category of waste.  |                  |                  |
| (i) Recycled.   | 5,882.46         | 6,155.78         |
| (ii) Re-used.   | 4,763.27         | 4,648.62         |
| (iii) Other recovery options.   | Nil              | Nil              |
| <b>Total.</b>   | <b>10,645.73</b> | <b>10,804.40</b> |
| <b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes).</b>  |                  |                  |
| Category of waste.  |                  |                  |
| (i) Incineration.   | 130.44           | 192.63           |
| (ii) Landfilling.   | 3,152.64         | 2,097.06         |
| (iii) Co-processing.  | 5,087.80         | 5,228.26         |
| (iv) Other disposal operations (Sent to common bio medical waste treatment facility).   | 0.31             | 0.74             |
| <b>Total.</b>   | <b>8,371.20</b>  | <b>7,518.70</b>  |
| <b>Note:</b> Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - No. |                  |                  |

**9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your entity to reduce usage of hazardous & toxic chemicals in your products & processes & the practices adopted to manage such wastes.**

GNFC ensures responsible waste management practices by adopting 3R principles of waste management i.e. Reduce, Reuse and Recycle. All the hazardous and non-hazardous wastes are segregated at the source and stored at a designated storage area. Hazardous waste is being segregated, collected, stored and disposed as per the Hazardous & Other waste (Management & Transboundary Movement) Rules-2016, as amended. Please refer to Principle 2 for more details.

**10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

| Sr. No.         | Location of operations/offices | Type of operations | Whether the conditions of environmental approval/clearance are being complied with? (Y/N) | If no, the reasons there of and corrective action taken, if any. |
|-----------------|--------------------------------|--------------------|---|--|
| Not applicable. |                                |                    |   |  |

**11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

| Name and brief details of project   | EIA Notification No. | Date       | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|---|----------------------|------------|---|--|-------------------|
| Capacity enhancement of existing Ammonia, Urea, Ethyl Acetate and Ammonium Nitrate Melt Plants and new Weak Nitric Acid and Ammonium Nitrate Prills Projects. | SO 1533 as amended   | 14.09.2006 | Yes.  | No. EIA study is in progress.                    | -                 |

**12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention & Control of Pollution) Act, Air (Prevention & Control of Pollution) Act, Environment Protection Act & rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

| S. No. | Specify the law / regulation / guidelines which was not complied with | Provide details of the non-compliance | Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts | Corrective action taken if any |
|--------|---|---------------------------------------|---|--------------------------------|
|--------|---|---------------------------------------|---|--------------------------------|

GNFC is compliant with the Air (Prevention and Control of Pollution) Act, 1981, the Water (Prevention and Control of Pollution) Act, 1974 and the Environment Protection Act, 1986. There were no fines or penalties received from the regulatory authority during the reporting period.

### LEADERSHIP INDICATORS

| 1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:                       |                                      |                                       |
|--|--------------------------------------|---------------------------------------|
| Parameter  | FY 2022-23<br>Current Financial Year | FY 2021-22<br>Previous Financial Year |
| <b>From renewable sources</b>  |                                      |                                       |
| Total electricity consumption (A).   | 1,52,385 GJ                          | 1,67,079.69 GJ                        |
| Total fuel consumption (B).  | Nil                                  | Nil                                   |
| Energy consumption through other sources (C).  | Nil                                  | Nil                                   |
| Total energy consumed from renewable sources (A+B+C).  | 1,52,385 GJ                          | 1,67,079.69 GJ                        |
| <b>From non- renewable sources</b>   |                                      |                                       |
| Total electricity consumption (D).   | 7,74,745.09 GJ                       | 6,54,894.50 GJ                        |
| Total fuel consumption (E).  | 4,22,99,121.7 GJ                     | 4,53,14,363.3 GJ                      |
| Energy consumption through other sources (F).  | Nil                                  | Nil                                   |
| Total energy consumed from non-renewable sources (D+E+F).  | 4,30,73,866.79 GJ                    | 4,59,69,257.8 GJ                      |
| Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Yes/No) If yes, name of the external agency. - No. |                                      |                                       |

| 2. Provide following details related to water discharged:  |                                      |                                       |
|--|--------------------------------------|---------------------------------------|
| Parameter  | FY 2022-23<br>Current Financial Year | FY 2021-22<br>Previous Financial Year |
| <b>Water discharge by destination and level of treatment (in kiloliters)</b>   |                                      |                                       |
| <b>(i) To Surface water.</b>   |                                      |                                       |
| - No treatment.  | Nil                                  | Nil                                   |
| - With treatment – primary & tertiary treatment.   | 31,97,160                            | 46,84,862                             |
| <b>(ii) To Groundwater.</b>  |                                      |                                       |
| - No treatment.  | Nil                                  | Nil                                   |
| - With treatment – please specify level of treatment.  | Nil                                  | Nil                                   |
| <b>(iii) To Seawater.</b>  |                                      |                                       |
| - No treatment.  | Nil                                  | Nil                                   |
| - With treatment.-   | 4,08,926                             | 3,62,429                              |
| <b>(iv) Sent to third parties.</b>   |                                      |                                       |
| - No treatment.  | 18,329.94                            | 14,965.39                             |
| - With treatment – through ETP.  | Nil                                  | Nil                                   |
| <b>(v) Others.</b>   |                                      |                                       |
| - No treatment.  | Nil                                  | Nil                                   |
| - With treatment – please specify level of treatment.  | Nil                                  | Nil                                   |
| <b>Total water discharged (in kiloliters).</b>   | <b>36,24,415.94</b>                  | <b>50,62,256.39</b>                   |
| Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Yes/No) If yes, name of the external agency. - No. |                                      |                                       |



**3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

None of GNFC's operations fall under ecologically sensitive area.

**4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

| S. No. | Initiative undertaken  | Details of the initiative (Web-link, if any, may be provided along-with summary) | Outcome of the initiative  |
|--------|--|--|--|
| 1      | Amine wastewater treatment at GNFC-Dahej Unit in place of incineration at GNFC, Bharuch. | –  | Reduction in emission & fuel consumption in TDI incinerators.  |
| 2      | Recycling of yellow wastewater.  | –  | Reduction in emission, fuel consumption in TDI incinerators and reduction in hazardous waste generation. |
| 3      | Re-use of spent caustic.   | –  |  |
| 4      | Recycling of treated ANP discontinuous effluent.   | –  | Resource recovery.   |
| 5      | TDI Tar co-processing at cement industries.  | –  | Equivalent quantity of coal consumption is reduced at cement industries.                                 |
| 6      | Recycling of NETP chemical & biological sludge at mix fertilizer units.                  | –  | Resource recovery.   |

**PRINCIPLE 7 : BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT.**

#### ESSENTIAL INDICATORS

**1. a. Number of affiliations with trade and industry chambers/ associations.**

There are ten affiliations with trade and industry chambers / associations.

**b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

| S. No. | Name of the trade and industry chambers / associations                      | Reach of trade and industry chambers / associations (State/National) |
|--------|---|--|
| 1      | Fertilizer Association of India.  | National.  |
| 2      | Federation of Gujarat Industries  | State.   |
| 3      | Dahej Industrial Association.   | State.   |
| 4      | Gujarat Safety Council.   | State.   |
| 5      | National Safety Council.  | National.  |
| 6      | Safety, Health and Environment Association.                                 | National.  |
| 7      | Gujarat Chamber of Commerce & Industry (h)<br>Gujarat Chemical Association. | State.   |
| 8      | All India Management Association.   | National.  |
| 9      | Indian Polyurethane Association.  | National.  |
| 10     | Indian Chemical Council.  | National.  |

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**2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.**

| Name of authority   | Brief of the case | Corrective action taken |
|---|-------------------|-------------------------|
| Nil. There were no such issues reported on anti- competitive conduct from regulatory authorities. |                   |                         |

## PRINCIPLE 8 : BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT.

### ESSENTIAL INDICATORS

**1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

| Name and brief details of project | SIA Notification No. | Date of notification | Whether conducted by independent external agency (Yes/No) | Results communicated in public domain (Yes/No) | Relevant web link |
|-----------------------------------|----------------------|----------------------|---|--|-------------------|
| Not Applicable.                   |                      |                      |   |  |                   |

**Note:** GNFC has undertaken an assessment for its CSR Projects in FY 2022-23. The notification ID is NARDES/ADM/2022/1182 dated 20<sup>th</sup> January, 2023.

**2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

| S. No.          | Name of project for which R&R is ongoing | State | District | No. of projects affected Families (PAFs) | % of PAFs covered by R&R | Amounts paid to PAFs in the FY (in INR) |
|-----------------|--|-------|----------|--|--------------------------|---|
| Not Applicable. |  |       |          |  |                          |   |

**3. Describe the mechanisms to receive and redress grievances of the community.**

Yes. GNFC has established grievance redressal mechanism. Nominated HR SPOC acts as a Grievance Redressal Officer. Grievances can be reported through mail, verbally and through letters to HR or the MD. Nominated HR SPOC is responsible to analyze the grievances and send it to the concerned department for further investigation and resolution and feedback.

GNFC has established an Industrial Relations Committee. The Committee is responsible to investigate the grievances received from employees. The Committee is comprised of fifteen members representing the Management and the Union.

**4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

|  | FY 2022-23<br>(Current Financial Year) | FY 2021-22<br>(Previous Financial Year) |
|--|--|---|
| Directly sourced from MSMEs / small producers <sup>1</sup>                         | 4.11%                                  | 4.74%                                   |
| Sourced directly from within the district and neighboring districts <sup>1,2</sup> | 67.42%                                 | 68.78%                                  |

**Note:**

- Procurement value of natural gas is being excluded from the total material procured in the current and previous financial year.
- State wise unique GSTIN is assigned to each taxpayer. Vendors of GNFC are located at multiple locations in Gujarat. Only one and unique GSTIN number is being provided for the Vendor and the same is being maintained as master file by GNFC. Hence, only State level data is possible to retrieve from ERP System.

**LEADERSHIP INDICATORS**

**1. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

| S. No. | State    | Aspirational District | Amount spent (In INR) |
|--------|----------|-----------------------|-----------------------|
| 1      | Gujarat. | Narmada.              | 22,00,000.            |

**2. Details of beneficiaries of CSR Projects:**

| S. No. | CSR Project  | No. of persons benefitted from CSR Projects | % of beneficiaries from vulnerable and marginalized groups |
|--------|--|---|--|
| 1      | Upgradation of Educational facilities in Govt. Schools and Anganwadis. | 12,844                                      | 83   |
| 2      | Preventive Healthcare.   | 15,175                                      | 72   |
| 3      | Rural Infrastructural Development Projects.                            | 14,563                                      | 85   |
| 4      | Livelihood Enhancement through Skill Upgradation.                      | 140   | 55   |
| 5      | Revival of SHG's for Entrepreneurial Activities.                       | 20  | 60   |
| 6      | Support to Armed forces, veterans, their dependents.                   | 30  | 52   |

**PRINCIPLE 9 : BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER.**

**ESSENTIAL INDICATORS**

**1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

GNFC has established a procedure to address consumer complaints. The feedback mechanism also is in place to improve the system on a continuous basis. The Feedback Form is being hosted on GNFC's Webpage [www.gnfc.in](http://www.gnfc.in). The Feedback Form is being sent to the customers and dealers to obtain their valuable feedback. Customers can also raise their concerns for any product-related issues through mail to the Head of the Department, customer care email id, verbally by phone, and direct contact at Narmada Khedut Sahay Kendra (NKSK - a retail shop) or in person at the GNFC Office. Details are being hosted on GNFC's Website: <https://www.gnfc.in/narmada-khedut-sahay-kendra/>

**2. Turnover of products / services as a percentage of turnover from all products/service that carry information about:**

|   | As a percentage to total turnover |
|---|-----------------------------------|
| <b>Environmental and social parameters relevant to the product.</b> | 100                               |
| <b>Safe and responsible usage.</b>                                  |                                   |
| <b>Recycling and/or safe disposal.</b>                              |                                   |

**Note:** The logo of recycling is kept on HDPE and PP Bags. These are being used for the packaging of fertilizers. Paraben free logo is printed on the label of Hair oil related products. The EPR registration number is also provided with each package.

| <b>3. Number of consumer complaints in respect of the following:</b> |  |  |                |   |  |                |
|--|--|--|----------------|---|--|----------------|
|  | <b>FY 2022-23<br/>(Current Financial Year)</b> |  |                | <b>FY 2021-22<br/>(Previous Financial Year)</b> |  |                |
|  | <b>Received during the year</b>                | <b>Pending resolution at end of year</b> | <b>Remarks</b> | <b>Received during the year</b>                 | <b>Pending resolution at end of year</b> | <b>Remarks</b> |
| <b>Data privacy.</b>   | Nil  | Nil                                      | Nil            | Nil   | Nil                                      | Nil            |
| <b>Advertising.</b>  | Nil  | Nil                                      | Nil            | Nil   | Nil                                      | Nil            |
| <b>Cyber-security.</b>   | Nil  | Nil                                      | Nil            | Nil   | Nil                                      | Nil            |
| <b>Delivery of essential services.</b>                               | Nil  | Nil                                      | Nil            | Nil   | Nil                                      | Nil            |
| <b>Restrictive Trade Practices.</b>                                  | Nil  | Nil                                      | Nil            | Nil   | Nil                                      | Nil            |
| <b>Unfair Trade Practices.</b>                                       | Nil  | Nil                                      | Nil            | Nil   | Nil                                      | Nil            |
| <b>Other - Quality Control.</b>                                      | Nil  | Nil                                      | Nil            | Nil   | Nil                                      | Nil            |

| <b>4. Details of instances of product recalls on account of safety issues:</b> |               |                           |
|--|---------------|---------------------------|
|  | <b>Number</b> | <b>Reasons for recall</b> |
| <b>Voluntary recalls.</b>  | Nil           | Nil                       |
| <b>Forced recalls.</b>   | Nil           | Nil                       |

| <b>5. Does the entity have a framework / policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.</b>  |
|--|
| Yes. GNFC's approach to cyber security is included in its "Information Security Policy". The Policy has been implemented to ensure compliance with respect to regulatory environment, mitigate the significant risks and increase the customer expectations. The Policy is hosted on GNFC's Website on the following Link: <a href="https://www.ncode.in/policy.html">https://www.ncode.in/policy.html</a> |

| <b>6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.</b> |
|--|
| There were no issues related to advertising and delivery of essential services reported during the reporting period. There were no actions by any regulatory authority and no issues on safety of the product reported during the reporting period.  |

**LEADERSHIP INDICATORS**

|  |
|--|
| <p><b>1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).</b></p>   |
| <p>Information relating to all products of GNFC are available on the Company's Webpage - <a href="http://www.gnfc.in">www.gnfc.in</a><br/>GNFC actively communicate the information of its products and services through magazines, framers' meet and displaying details on the Website. GNFC also provides Material safety data sheets to all the customers. Also, TREM cards are provided with each tanker which contain information about the products.</p>   |
| <p><b>2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.</b></p>   |
| <p>GNFC has established a procedure to address consumer complaints. The feedback mechanism is also in place to improve the system on a continuous basis. The Feedback Form is hosted on GNFC's Webpage - <a href="http://www.gnfc.in">www.gnfc.in</a>. The Feedback Form is being sent to the customers and dealers to obtain their valuable feedback. GNFC releases a monthly magazine for farmers to make them aware of the use of Fertilizers and other agricultural practices. This magazine is shared with the farmers through WhatsApp and is also available on GNFC's Website:<br/>Narmada Kisan Parivar Patra – Gujarat Narmada Valley Fertilizers &amp; Chemicals Limited (<a href="http://gnfc.in">gnfc.in</a>)<br/>Customers can also raise their concerns for any product-related issues through Email to the Head of the Department, customer care email ID, verbally by phone, and direct contact at Narmada Khedut Sahay Kendra (NKSK - a retail shop) or at GNFC Office. Details are being hosted on GNFC's Website at the following Link:<br/><a href="https://www.gnfc.in/narmada-khedut-sahay-kendra/">https://www.gnfc.in/narmada-khedut-sahay-kendra/</a></p> |
| <p><b>3. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.<br/>Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)</b></p>  |
| <p>Yes. All the products are approved as per the Fertilizers Control Order. The product information is specified as per regulations in its packaging.<br/>Yes, GNFC collects customer feedback annually for its major products.</p>  |

#### ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO FOR FY 2022-23

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

##### (A) CONSERVATION OF ENERGY

###### (i) Steps taken or impact on Conservation of Energy

The Company framed its Energy Policy in February, 2005 in accordance with the Energy Conservation Act, 2001 (EC Act, 2001) and the same is in force as on date.

The Company also complies the regulations formed by the Bureau of Energy Efficiency (BEE), Ministry of Power (MoP) under the Perform, Achieve, Trade (PAT) Mechanism.

The Company has acquired ISO-50001 (Energy Management System) Certification for Bharuch Complex in May, 2021 and for Dahej Complex in December, 2019.

**Details of various Energy Saving Measures / Schemes implemented during the year 2022-23 are as follows:**

###### a) Township Admin Office (TAO):

- total 171 nos. of 75W conventional ceiling fans have been replaced with energy efficient 28W BLDC ceiling fans in specific areas of Township. The total investment cost for the same is ₹ 4.30 Lakh. By this measure, estimated power saving per month is 2,411 kWh.

###### b) Electrical System, Bharuch:

- In the Plant area, total 7,414 nos. old conventional light fittings have been replaced with energy efficient LED fixtures. Total investment cost ₹ 102.40 Lakh. By this measure, total 18,15,993 kWh of energy saving is achieved.

###### c) Electrical System, Dahej:

- In the Plant area, total 502 nos. old conventional Metal Halide floodlights have been replaced with energy efficient LED floodlights. Total investment cost was ₹ 8.35 Lakh. By this measure, estimated annual energy saving is 75,730 kWh.
- By improving Power Factor, GNFC received power factor rebate of ₹ 91.50 Lakh.

###### d) Formic Acid Plant:

- LP steam generation from MP steam condensate from heat exchangers by providing flash drum. The estimated LP steam saving is 1.5 MT/hr. Total investment cost for this scheme was ₹ 23 Lakh.
- Optimization of steam distribution to let down stations to maximize power generation through ECT. This has resulted in estimated power saving of about 40 kW. This was achieved by operational changes.

###### e) Utility Plant, Bharuch:

- Optimization of raw water resource resulted into reduction in water treatment load. As a result, saving of about 150 kWh/D was achieved as compared to average power consumption of the previous year.

**Energy Saving Measures under implementation or planned for implementation:**
**a) Electrical System at Bharuch Complex:**

- Power saving of 5,00,000 kWh has been planned by Electrical Dept. by replacing old conventional light fittings with energy efficient LED fittings (total 1,750 nos.) at an estimated cost of ₹ 35 Lakh.

**b) Ammonia Plant:**

- Installation of additional 5<sup>th</sup> Battery in Ammonia Refrigeration Compressor Condensers. This would result into estimated saving of 1.1 MT/hr of HPSH Steam in Turbine. Estimated cost of the Scheme is approximately ₹ 526.74 Lakh.

**c) Urea Plant:**

- Installation of Condensate Pump with optimized head and capacity. Estimated power saving is 480 KWH/day.

**d) Utility Plant, Bharuch Complex:**

- Replacement of old Air compressor (C-2204) with new energy efficient one.
- Replacement of old three Compressors (C-2201 A/B/R) at IAC Plant with Energy efficient one. Budgetary offer is awaited.

**e) ANI-TDI Complex:**

- Installation of Energy Conservation Turbine (ECT) on Aniline/ TDI Plant HP Let-down Station. The Scheme is at pre-commissioning stage. Estimated annual power generation potential will be 75,24,000 kWh.

**f) HyCO and Utility Plant at Dahej:**

- Provision of VFD in Process Water Pumps. By this measure, the estimated annual saving is 1,14,840 kWh.

**g) TDI-II Wet Section at Dahej:**

- Preheating of Dehydration Column Feed against Waste Heat in MTD Plant. Estimated saving in Steam is 0.385 MT/hr. Exchanger is at procurement stage.
- Installation of new Pump with lower head in MTD Hydrogenator Loop Water. This will reduce power consumption by 320 MWH per year.

**h) TDI-II Dry Section at Dahej:**

- Application of once through ODCB in vacuum pumps. By this measure, overall reliability of Plant will improve, Estimated steam saving of 0.955 T/h will be achieved.

**(ii) Steps taken for utilizing alternate sources of energy:**

- Solar Photo Voltaic power generation systems have been installed at Corporate Building, School Building and Guest House Building, having total capacity of 300 kW. Also, 10 MW Solar Power Project at Charanka Solar Park, Gujarat, was commissioned in November, 2020. In all 1,72,04,632 kWh of power was generated from the Solar Plant during the year.
- Total installed capacity of Wind Power Turbo Generators, installed at Lathedi and Shikarpur sites in Kutch, is 21 MW. During the year, total 2,73,58,477 kWh of power was generated from the Wind Mills.
- 4 MW Solar Power Project at Charanka Solar Park, Gujarat, is under implementation.

**(iii) Capital investment on Energy Conservation Equipments / Measures:**

- The Company has made total capital investment of ₹ 138.12 Lakh on energy conservation measures.

## DIRECTORS' REPORT

### **(B) Technology Absorption:**

#### **(i) Efforts in brief, made towards technology absorption:**

- Implementation of various reliably, safety and energy saving schemes carried out in plants for safe and reliable operations, improving machine / equipment performance and energy saving.
- We interact with know how supplier/consultant for solving the Plant and reliability related problems to sustain productivity and improving Plant performance.

#### **(ii) The benefits derived like product improvement, cost reduction, product development or import substitution:**

- Ethyl Acetate Spent Solvent generated in the Plant is being sold instead of treating it in ETP. Around 179 MT of EA Spent Solvent has been sold out during the FY 2022-23. By this measure, resources in treatment of this Spent Solvent are being saved.
- Ethyl Acetate Reactor Batch Residue is being recycled to the Reactor in phased manner. Around 150 MT of Reactor Batch Residue has been recycled to the Reactor. By this measure, the resources in treatment of this Spent Solvent are being saved.
- As a result of above measures, there has been improvement in the Plant safety reliability, performance and cost reduction.

#### **(iii) In case of imported technology (Imported during the last three years reckoned from the beginning of the financial year):**

Nil.

### **RESEARCH & DEVELOPMENT:**

#### **1) Specific R&D Assignments and Benefits:**

Research was carried out in areas of Value added products from by-products and existing products, development of NPKS Fertilizers, Catalysts development, etc.

- 1) R&D scale process development for multiple value added products using 100% captive Industrial Chemicals and by-products to manufacture Calcium Acetate and Calcium Formate were completed.
- 2) Experiments for development of Catalyst for Ethyl Acetate and Methyl Formate were carried out.
- 3) Experiments on Value added products and import substitutes development of Potassium Diformate, Ammonium Phosphate Sulphate (NPKS) have provided encouraging results.
- 4) Studies with Polyester Polyol made from Byproduct to prepare foams with TDI were carried out.
- 5) To replace imported Biocides for Sulphur recovery experiments were initiated.

#### **2) Benefits derived as a result of R&D:**

- 1) Methyl Formate Hydrolysis using In-House R&D developed Catalytic process of Resin Bed technology is implemented on full commercial scale in Formic Acid revamp has resulted in the increase in production of above 7,000 TPA.
- 2) Development of import substitutes, alternative catalysts and forward integration of existing business.
- 3) Recycling, Green Chemistry and Environment improvement benefits.

#### **3) Future Plans of Action:**

- 1) To develop Catalysts for In-House captive use in Process.
- 2) To manufacture proprietary H<sub>2</sub>S removal Catalyst.



- 3) To take Value added products developed to Pilot scale.
- 4) To provide technical services / guidance to Process Plants.

**4) Expenditure on Research and development:**

(₹ Crore)

| Sr. No. | Nature of Expenditure                                 | FY 2022-23 | FY 2021-22 |
|---------|---|------------|------------|
| 1.      | Capital Expenditure                                   | 0.00       | 0.00       |
| 2.      | Recurring Expenditure                                 | 0.06       | 0.10       |
| 3.      | Salaries to R&D Personnel                             | 1.47       | 2.03       |
| 4.      | Power and Fuel  | 0.12       | 0.09       |
|         | Total   | 1.65       | 2.22       |
| 5.      | Total R&D expenditure as percentage of Total Turnover | 0.0161%    | 0.0257%    |
| 6.      | Gross Turn-over                                       | 10,226.93  | 8,642.29   |

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

(₹ Crore)

| Particulars             | FY 2022-23 | FY 2021-22 |
|-------------------------|------------|------------|
| Foreign Exchange Used   | 458.40     | 441.55     |
| Foreign Exchange Earned | 68.45      | 93.92      |

#### DISCLOSURE PURSUANT TO RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR FINANCIAL YEAR 2022-23

| Sr. No. | Requirement   | Details   |                            |                |       |                            |   |                        |    |        |   |                  |     |       |   |               |    |      |
|---------|---|---|----------------------------|----------------|-------|----------------------------|---|------------------------|----|--------|---|------------------|-----|-------|---|---------------|----|------|
| 1.      | Ratio of remuneration of each Director to the median remuneration of the employees of the Company.  | <p>Non-Executive Directors are paid remuneration by way of Sitting Fees only for attending the Meetings of the Board of Directors and various Committees of the Company.</p> <p>Appointment of Managing Director (MD) (Executive Director) is made by the Board of Directors in consultation with Government of Gujarat (GoG) and he/she is usually a Senior IAS Officer. MD is paid remuneration as per the terms and conditions prescribed and notified by GoG and as determined by the Board of Directors in accordance with the Articles of Association of the Company, The Companies Act, 2013 (the Act) and the relevant Rules framed thereunder as amended from time to time and subject to the approval of Shareholders.</p> <p>Shri Pankaj Joshi, IAS, Additional Chief Secretary to Chief Minister - Gujarat, is holding the additional charge of the post of Managing Director of the Company and no remuneration is paid to him for holding the said charge.</p> <p>The Company has received Order No. AIS-45-2021-340467-G dated 26<sup>th</sup> August, 2022 of General Administration Department, Government of Gujarat, Gandhinagar, sanctioning Special Pay/Charge Allowance payable at 5% of Basic Pay as per Sixth Pay Commission to Shri Pankaj Joshi, IAS as Managing Director of the Company for the period from 01.08.2021 to 31.07.2022. Such payment of Special Pay/Charge Allowance will be subject to the ceiling not exceeding the limit specified in Schedule V of the Act.</p> <p>In view of the above, ratio of remuneration of each Director to the median remuneration of the employees is not comparable and hence details are not furnished under this column.</p> |                            |                |       |                            |   |                        |    |        |   |                  |     |       |   |               |    |      |
| 2       | Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any.   | <table border="1"> <thead> <tr> <th>Sr. No.</th> <th>Director / KMP</th> <th>Title</th> <th>% increase in remuneration</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Shri Pankaj Joshi, IAS</td> <td>MD</td> <td>(0.27)</td> </tr> <tr> <td>2</td> <td>Shri D.V. Parikh</td> <td>CFO</td> <td>10.20</td> </tr> <tr> <td>3</td> <td>Shri A C Shah</td> <td>CS</td> <td>0.45</td> </tr> </tbody> </table> <p>Non-Executive Directors are paid only sitting fees for attending the Board / Committee Meetings.</p>   | Sr. No.                    | Director / KMP | Title | % increase in remuneration | 1 | Shri Pankaj Joshi, IAS | MD | (0.27) | 2 | Shri D.V. Parikh | CFO | 10.20 | 3 | Shri A C Shah | CS | 0.45 |
| Sr. No. | Director / KMP  | Title   | % increase in remuneration |                |       |                            |   |                        |    |        |   |                  |     |       |   |               |    |      |
| 1       | Shri Pankaj Joshi, IAS  | MD  | (0.27)                     |                |       |                            |   |                        |    |        |   |                  |     |       |   |               |    |      |
| 2       | Shri D.V. Parikh  | CFO   | 10.20                      |                |       |                            |   |                        |    |        |   |                  |     |       |   |               |    |      |
| 3       | Shri A C Shah   | CS  | 0.45                       |                |       |                            |   |                        |    |        |   |                  |     |       |   |               |    |      |
| 3       | Percentage increase in the median remuneration of employees.  | 2.63% considering full year present of Regular employees in employment for FY 2022-23 & FY 2021-22.   |                            |                |       |                            |   |                        |    |        |   |                  |     |       |   |               |    |      |
| 4       | Number of permanent employees on the rolls of Company at the end of the year.   | 2,273   |                            |                |       |                            |   |                        |    |        |   |                  |     |       |   |               |    |      |
| 5       | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration. | There was (2.56%) average percentile increase in the salary of employees other than Key Managerial Personnel (KMP) as against this there was increase of 6.07% in the remuneration of KMP for FY 2022-23 compared to FY 2021- 22.   |                            |                |       |                            |   |                        |    |        |   |                  |     |       |   |               |    |      |
| 6       | Affirmation that the remuneration is as per the remuneration policy of the Company.   | The Company has in place different Grades of remuneration for KMP other than MD, Senior Management Personnel and Other Employees. The remuneration is paid to them as per the grade in which they are employed and as per the terms of their appointment. The remuneration is paid to MD as per the terms and conditions prescribed and notified by GoG with requisite approval of Board of Directors and Members of the Company under the law.   |                            |                |       |                            |   |                        |    |        |   |                  |     |       |   |               |    |      |

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2023**

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

To,  
The Members,  
**Gujarat Narmada Valley Fertilizers & Chemicals Limited**  
**CIN: L24110GJ1976PLC002903**  
P. O. Narmadanagar – 392 015.  
Dist. Bharuch, Gujarat, India.

Dear Sirs,

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

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **31<sup>st</sup> March, 2023**, 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 **31<sup>st</sup> March, 2023**, according to the provisions of;

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB);
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
  - A. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - B. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - C. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 - Not Applicable during the Financial year under review.
  - D. Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 - Not Applicable during the Financial year under review.

### DIRECTORS' REPORT

- E. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 - Not Applicable during the Financial year under review.
  - F. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with Shareholders. – Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the Financial year under review.
  - G. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021. - Not Applicable during the Financial year under review.
  - H. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. - Not Applicable during the Financial year under review.
6. Other applicable laws: We have relied on the representation made by the Company and its officers for systems and mechanism framed by the Company for compliances under other applicable Acts, Laws and Regulations. The list of Acts, Laws and Regulations as applicable to the Company are ;
- 1. The Environment (Protection) Act, 1986
  - 2. The Air (Prevention and Control of Pollution) Act, 1981
  - 3. The Water (Prevention and Control of Pollution) Act, 1974
  - 4. The Ammonium Nitrate Rules, 2012
  - 5. The Petroleum Act, 1934
  - 6. The Explosives Act, 1884 and Explosive Rules, 2008
  - 7. The Fertilizers (control) Order, 1985 under the Essential Commodities Act, 1955 and
  - 8. The Hazardous and other Wastes (Management and Transboundary Movement) Rules, 2016.

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

- (i) The Mandatory Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

#### **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 year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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.

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

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

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

Place: Vadodara

Date: 18<sup>th</sup> May, 2023

**for J. J. Gandhi & Co.**

Practising Company Secretaries

**(J. J. Gandhi)**

Proprietor

FCS No. 3519 and CP No. 2515

P R No. 1174/2021

UDIN Number : F003519E000317514

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

**'Appendix A'**

To,

The Members,

**Gujarat Narmada Valley Fertilizers & Chemicals Limited,**

**CIN: L24110GJ1976PLC002903**

P.O. Narmadanagar,

Dist. Bharuch – 392015, Gujarat, India

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. The Compliance of applicable financial laws like direct and indirect laws have not been reviewed in this Audit since the same have been subject to review by Statutory Financial Audit and Other designated professionals.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For J. J. Gandhi & Co.**

Practising Company Secretaries

**(J. J. Gandhi)**

Proprietor

FCS No. 3519 and CP No. 2515

P R No. 1174/2021

Place : Vadodara

Date: 18<sup>th</sup> May, 2023

#### DIVIDEND DISTRIBUTION POLICY

##### INTRODUCTION

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

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

##### OBJECTIVE AND SCOPE

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

##### EFFECTIVE DATE AND APPLICABILITY

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

The Policy shall not be applicable in the following circumstances:

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

##### STATUTORY REQUIREMENTS

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

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

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

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

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

##### Financial Parameters :

- i) Quantum of anticipated capital expenditure,
- ii) Magnitude of realized profits,
- iii) Operating cash flow and liquidity,

- iv) Investment opportunities,
- v) Capacity to service interest / principal (borrowings),
- vi) Cost of borrowings vis-à-vis cost of capital,
- vii) Sales volume,
- viii) Anticipated expenses,
- ix) Financial ratios (e.g. EPS-post dividend), etc.

**Internal & External Factors :**

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

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

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

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

**MANNER OF UTILIZATION OF RETAINED EARNINGS**

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

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

## 47<sup>th</sup> Annual Report 2022 – 2023

### DIRECTORS' REPORT

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

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

#### AMENDMENT IN POLICY

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

#### CAUTIONARY STATEMENT

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



# REPORT ON CORPORATE GOVERNANCE

## COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

Effective corporate governance practices constitute strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all the Stakeholders comprising regulators, employees, customers, vendors, investors and the society.

The Company operates within accepted standards of propriety, fair play and justice and aims at creating a culture of openness in relationships between itself and its Stakeholders. It has set up a system which enables all its employees to voice their concerns openly and without any fear or inhibition.

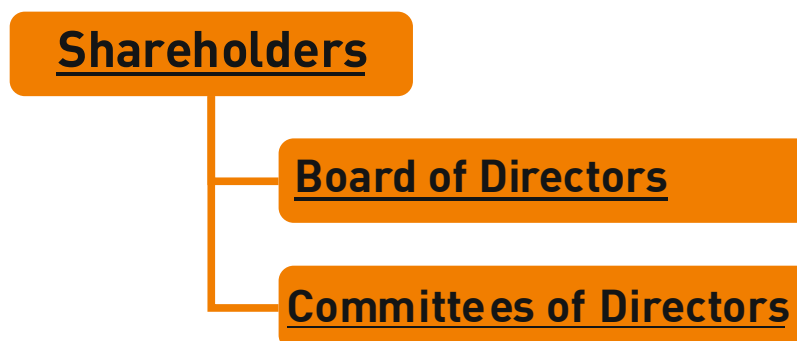
Our corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as disclosures related to the leadership and governance of the Company.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations"), as amended, with regard to Corporate Governance.

## GOVERNANCE STRUCTURE

The Corporate Governance structure at GNFC Limited is as follows:

- a. **Board of Directors:** The Board is entrusted with an ultimate responsibility of the management, directions and performance of the Company. As its primary role is fiduciary in nature, the Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its responsibilities, thus ensuring that the management adheres to ethics, transparency and disclosures.
- b. **Committees of the Board:** The Board of Directors constitute various Committees of Directors to deal with specific areas and activities which concern the Company's Operations and require a close review. The Committees function as per their respective Terms of Reference. These Committees play an important role in the overall management and governance of the Company. These Committees meet at regular intervals and take necessary steps to perform its functions entrusted by the Board. Minutes of Meetings of these Committee are recorded and placed before the Board in its subsequent Meeting for noting.



## CORPORATE GOVERNANCE

### BOARD OF DIRECTORS

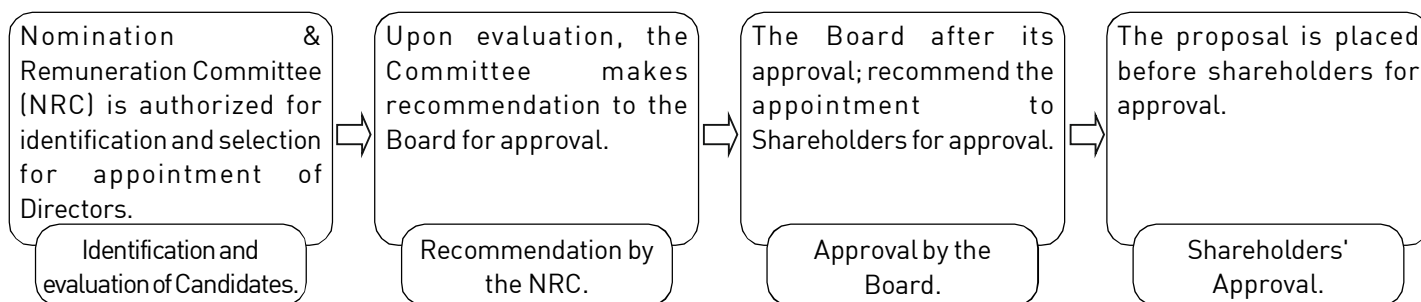
#### PROCESS FOR APPOINTMENT OF THE BOARD MEMBERS AND SENIOR MANAGEMENT.

The Board, with the support of Nomination and Remuneration Committee (N&R Committee), keeps under constant review the composition of the Board of Directors and its Committees, succession planning, diversity, inclusion and remuneration related matters.

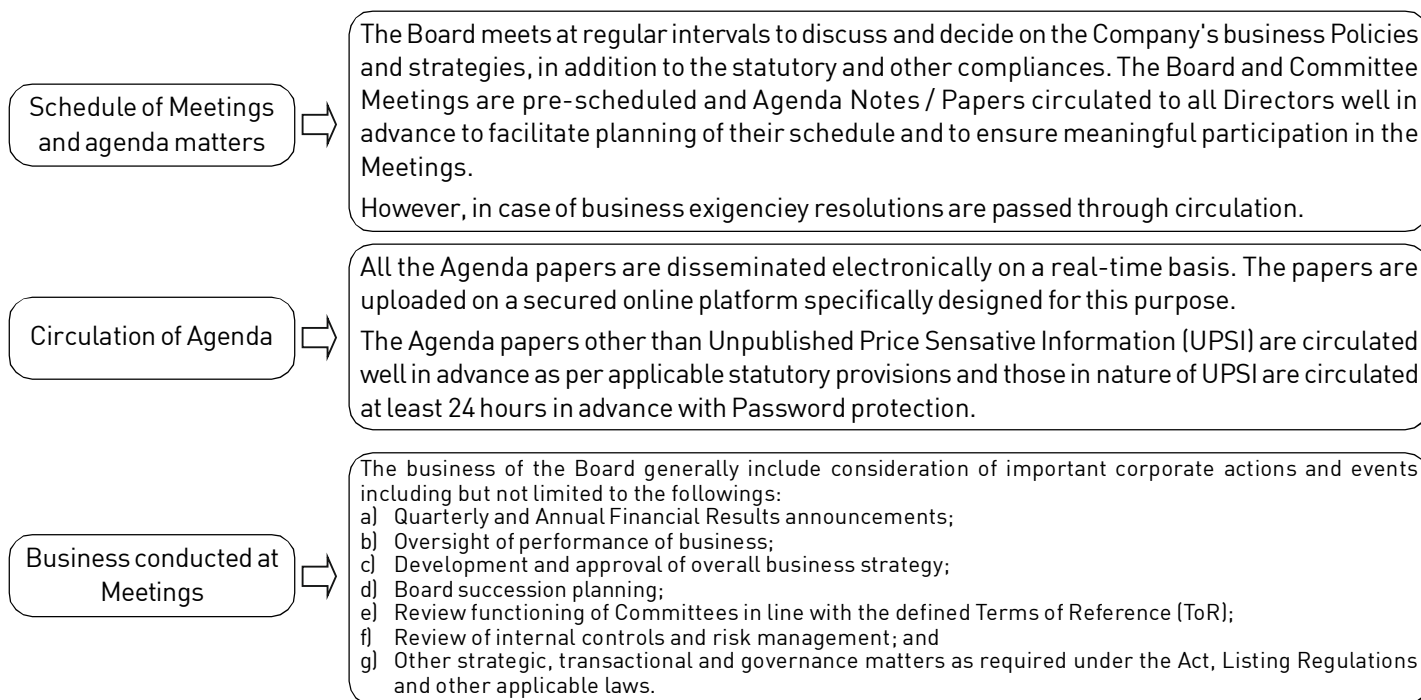
It has sought to balance the composition of the Board of Directors and its Committees and to refresh them progressively over a period of time. In discharging its responsibilities, the N&R Committee regularly reviews the structure, size and composition of the Board and its Committees, including skills, knowledge, independence and diversity, to ensure they are aligned with the Company's strategy.

The N&R Committee strongly believes that diversity and providing an inclusive culture is a key driver of business success and is committed to having a diverse and inclusive leadership team which provides a range of perspectives, insights and challenges needed to support good decision-making, helping with risk management and strategic planning.

#### PROCESS FOR SELECTION AND APPOINTMENT OF DIRECTORS.



#### MEETINGS OF THE BOARD and COMMITTEES.



Post-Meeting summary/  
Follow Up

Post conclusion of each Meeting of the Board/Committee, Company Secretary circulates summary of the proceedings of all Meetings along with the action points, if any. Various decisions taken at the Board/Committee Meetings are promptly communicated to the concerned Department.

In terms of applicable provisions of SS-1, Company Secretary drafts the Minutes and circulate to Directors/Members for suggestion for changes, if any. The draft Minutes, after incorporating changes, if any, is put up to Chairperson for approval. Approved Minutes is signed by Chairperson. Signed Minutes is circulated to Board/Committee Members within prescribed timeline.

The matters arising from the business transacted in previous Meetings are reviewed in the subsequent Meetings.

### COMPOSITION OF THE BOARD OF DIRECTORS DURING FY 2022-23.

The Company has an active, experienced, diverse and a well-informed Board of Directors. The Board, along with its Committees, undertakes its fiduciary duties keeping in mind the interests of all the Stakeholders and the Company's Corporate Governance philosophy. The Company has an optimum combination of Executive and Non-Executive Directors which is in conformity with Regulation 17 of the SEBI Listing Regulations read with Sections 149 and 152 of the Act. The Board periodically evaluates the need for change in its composition and size.

Your Company is managed by a professional Board comprising of ten Directors, Nine are Non-Executive Directors. Managing Director is the only Executive Director on the Board. Five are Independent Directors, constituting fifty percent of the total strength of the Board.

Profile of Directors is available on the Company's website at <https://www.gnfc.in/board-of-directors/>

### NUMBER OF BOARD MEETINGS HELD

The Board met Five (5) times during the FY 2022-23, on the following dates:

1. 09<sup>th</sup> May, 2022.
2. 08<sup>th</sup> August, 2022.
3. 21<sup>st</sup> October, 2022.
4. 10<sup>th</sup> November, 2022.
5. 07<sup>th</sup> February, 2023.

The gap between two Meetings did not exceed 120 days and the Meetings were conducted in compliance with all applicable provisions of the laws. The required Quorum was present for all the Meetings.

None of the Directors on the Board hold Directorships in more than ten public limited companies. None of the Independent Directors serve as an Independent Director on the Board of Directors of more than Seven listed entities. Necessary disclosures regarding Committee positions in other public limited companies as on 31<sup>st</sup> March, 2023 have been made by the Directors. None of the Directors is related to each other. None of the Directors has any material pecuniary relationship or transaction with the Company during the year. Further, none of the Directors has received any loans or advances from the Company during the year.

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year under review and at the last Annual General Meeting ("AGM"), name of other listed entities in which the Director is a Director and the number of Directorships and Committee Chairpersonships / Memberships held by them in other public limited companies as on 31<sup>st</sup> March, 2023 are given herein below. Other Directorships and Committee Chairpersonships / Memberships do not include

### CORPORATE GOVERNANCE

directorships and Committee Chairpersonships / Memberships of private limited companies, foreign companies and companies registered under Section 8 of the Act. Further, none of them is a member of more than Ten Committees or Chairperson of more than Five Committees across all the public companies in which he / she is a Director. For the purpose of determination of limit of the Board Committees, Chairpersonship and Membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

#### **CONFIRMATION OF BOARD ON INDEPENDENCE:**

Independent Directors are non-executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act and the Rules made thereunder. In terms of Regulation 25(8) of the SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board has confirmed that they meet the criteria of independence as stated under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act and that they are independent of the management.

#### **CATEGORY AND ATTENDANCE OF DIRECTORS:**

The category of Directors, attendance at Board Meetings held during the financial year under review, the number of Directorships and Committee Chairpersonships/Memberships held by them in other public limited companies and Directorships held by them in other listed entities as on March 31, 2023 are as follows:

| Name of the Director  | Category   | Number of Board Meetings attended during FY 2022-23 | Attendance at Last AGM | Number of Directorships in other Public Companies |        | Number of Committee positions held in other Public Companies |        | Directorship in other Listed Companies (Category of Directorship)  |
|---|--|---|------------------------|---|--------|--|--------|--|
|   |  |   |                        | Chairperson                                       | Member | Chairperson  | Member |  |
| Shri Pankaj Kumar, IAS <sup>1</sup><br>Chairman<br>DIN: 00267528  | Non-Executive,<br>Nominee Director.                | 3 of 4  | No                     | 1   | -      | -  | -      | -  |
| Shri Vipul Mitta <sup>2</sup> , IAS<br>Chairman<br>DIN: 03108280. | Non-Executive -<br>Nominee Director.               | 1 of 1  | No                     | -   | -      | -  | -      | -  |
| Smt. Mamta Verma, IAS<br>DIN: 01854315.                           | Non-Executive,<br>Non-Independent.                 | 3 of 5  | Yes                    | 4   | 4      | -  | -      | 1. Gujarat State Fertilizers &<br>Chemicals Ltd.<br>2. Torrent Power Ltd.  |
| Shri Mukesh Puri, IAS<br>DIN: 03582870.                           | Non-Executive,<br>Non-Independent<br>Director.     | 5 of 5  | Yes                    | 3   | 3      | -  | 1      | 1. Gujarat State Fertilizers &<br>Chemicals Ltd.<br>(Managing Director, Non-Executive,<br>Non-Independent)                 |
| Shri J P Gupta, IAS<br>DIN: 01952821.                             | Non-Executive,<br>Non-Independent<br>Director.     | 5 of 5  | Yes                    | 1   | 8      | 2  | 5      | 1. Gujarat Alkalies & Chemicals Ltd.<br>2. Gujarat State Petronet Ltd.<br>3. Gujarat State Fertilizers &<br>Chemicals Ltd. |
| Smt. Gauri Kumar, IAS<br>(Retd.)<br>DIN: 01585999.                | Non-Executive,<br>Independent -<br>Woman Director. | 4 of 5  | Yes                    | -   | 4      | 1  | 1      | 1. Gujarat State Fertilizers &<br>Chemicals Ltd.<br>2. Gujarat Mineral Development<br>Corporation Ltd.                     |
| Prof. Ranjan Kumar<br>Ghosh<br>DIN: 08551618.                     | Non-Executive,<br>Independent Director.            | 4 of 5  | Yes                    | -   | -      | -  | -      | -  |
| Shri Bhadrash Mehta<br>DIN: 02625115.                             | Non-Executive,<br>Independent Director.            | 5 of 5  | Yes                    | -   | 4      | 1  | 4      | 1. Gujarat State Petronet Ltd.<br>2. Gujarat Gas Ltd.  |
| Dr. N. Ravichandran<br>DIN: 02065298.                             | Non-Executive,<br>Independent Director.            | 5 of 5  | Yes                    | -   | 1      | 1  | -      | -  |
| Prof. P K Sinha<br>DIN: 00484132.                                 | Non-Executive,<br>Independent Director.            | 4 of 5  | Yes                    | -   | 5      | -  | 2      | 1. Ujjas Energy Ltd.<br>2. Infbeam Avenues Ltd.<br>3. Silvertouch technologies Ltd.  |
| Shri Pankaj Joshi, IAS<br>Managing Director<br>DIN: 01532892.     | Executive Director.                                | 5 of 5  | Yes                    | 1   | -      | -  | -      | -  |

1. Shri Pankaj Kumar, IAS ceased to be Director w.e.f. 31.01.2023.

2. Shri Vipul Mitta, IAS appointed as Director and Chairman of the Company w.e.f. 31.01.2023.

## CORPORATE GOVERNANCE

### CORE SKILLS / EXPERTISE / COMPETENCIES AVAILABLE WITH THE BOARD

The Board of Directors of the Company is highly structured to ensure a high degree of diversity by age, education/qualifications, professional background, sector expertise and special skills. Based on the recommendations of Nomination & Remuneration Committee, the Board of Directors has identified the following core skills/expertise/competencies as required in the context of businesses and sectors of the Company for its effective functioning and the same is mapped against each of the Directors:

**Following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board:**

#### Core Skills / Competencies / Expertise

| Name of the Director          | Knowledge | Behavioral Skills | Strategic thinking and decision making | Financial Skills | Technical/ Professional skills | Specialized knowledge to assist the ongoing aspects of the business |
|-------------------------------|-----------|-------------------|--|------------------|--------------------------------|---|
| Shri Pankaj Kumar, IAS        | ✓         | ✓                 | ✓                                      | ✓                | ✓                              | ✓   |
| Shri Vipul Mittra, IAS        | ✓         | ✓                 | ✓                                      | ✓                | ✓                              | ✓   |
| Shri Mukesh Puri, IAS         | ✓         | ✓                 | ✓                                      | ✓                | ✓                              | ✓   |
| Smt. Mamta Verma, IAS         | ✓         | ✓                 | ✓                                      | ✓                | ✓                              | ✓   |
| Shri J P Gupta, IAS           | ✓         | ✓                 | ✓                                      | ✓                | ✓                              | ✓   |
| Smt. Gauri Kumar, IAS (Retd.) | ✓         | ✓                 | ✓                                      | ✓                | ✓                              | ✓   |
| Prof. Ranjan Kumar Ghosh      | ✓         | ✓                 | ✓                                      | ✓                | ✓                              | ✓   |
| Shri Bhadresh Mehta           | ✓         | ✓                 | ✓                                      | ✓                | ✓                              | ✓   |
| Dr. N. Ravichandran           | ✓         | ✓                 | ✓                                      | ✓                | ✓                              | ✓   |
| Prof. P K Sinha               | ✓         | ✓                 | ✓                                      | ✓                | ✓                              | ✓   |
| Shri Pankaj Joshi, IAS        | ✓         | ✓                 | ✓                                      | ✓                | ✓                              | ✓   |

Eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. The Directors so appointed are drawn from diverse backgrounds and possess special skills with regard to the industries / fields from where they come.

### INFORMATION SUPPLIED TO THE BOARD

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

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

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

**DISCLOSURE REGARDING APPOINTMENT / REAPPOINTMENT OF DIRECTOR(S)**

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

**CODE OF CONDUCT**

The Board has laid down a Code of Conduct for the Board Members inter alia incorporating the duties of Independent Directors as laid down in the Act and the Rules. The Board has also laid down the Code of Conduct for Senior Management Personnel of the Company. These Codes set ethical standards for Directors and Senior Management Personnel. Both the Codes are available on the Company's Website viz. [www.gnfc.in](http://www.gnfc.in) All the Board Members and Senior Management Personnel have affirmed their compliance with the said Code of Conduct. A declaration to this effect signed by the Managing Director for the FY 2022-23 is annexed to this Report.

**COMMITTEES OF THE BOARD**

The committees constituted by the Board play an important role on governance structure of the Company. The Committees are constituted and function in line with the applicable provisions of the Act, Rules and the SEBI Listing Regulations, as amended. The minutes of the Committee Meetings are tabled at the next Board Meeting.











































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### CORPORATE GOVERNANCE

#### COMPOSITION OF STATUTORY COMMITTEES AS ON MARCH 31, 2023

All the Committees have optimum composition pursuant to the Listing Regulations. Composition of Committees as on March 31, 2023:

| Name of Director                             | Board of Directors  | Audit Committee   | Nomination and Remuneration Committee  | Stakeholders' Relationship Committee  | Corporate Social Responsibility Committee   | *Risk Management Committee  |
|--|---|---|--|---|---|---|
| Shri Pankaj Kumar, IAS                       |    | -   | -  | -   | -   | -   |
| Shri Vipul Mitra, IAS                        |    | -   | -  | -   |    | -   |
| Shri Mukesh Puri, IAS                        |    | -   | -  | -   | -   | -   |
| Smt. Mamta Verma, IAS                        |    | -   |   |    | -   | -   |
| Shri J P Gupta, IAS                          |    |    | -  | -   | -   | -   |
| Smt. Gauri Kumar, IAS (Retd.)                |    |    |   | -   |    |    |
| Prof. Ranjan Kumar Ghosh                     |    |    |   |    |    |    |
| Shri Bhadrash Mehta                          |    |    |   | -   |    |    |
| Dr. N Ravichandran                           |    |    |   | -   |    |    |
| Prof. Piyushkumar Sinha                      |   |   |  | -   |   |   |
| Shri Pankaj Joshi, IAS-<br>Managing Director |  |  | -  |  |  |  |



Chairperson



Member

\*Shri D V Parikh, ED&CFO and Shri A C Shah, CS&GM are also Members of the Risk Management Committee.

Your Company has following Committees of Directors:

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

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

#### A. AUDIT COMMITTEE

##### CONSTITUTION & COMPOSITION

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

Audit Committee presently comprises of Seven (7) Directors viz.



| Name                                 | Role in the Committee | Category                                |
|--------------------------------------|-----------------------|---|
| Shri Bhadresh Mehta                  | Chairman              | Non-Executive Independent Director.     |
| Smt. Gauri Kumar, IAS (Retd.)        | Member                | Non-Executive Independent Director.     |
| Prof. Ranjan Kumar Ghosh             | Member                | Non-Executive Independent Director.     |
| Shri J P Gupta, IAS                  | Member                | Non-Executive Non-Independent Director. |
| Dr. N. Ravichandran                  | Member                | Non-Executive Independent Director.     |
| Prof. Piyushkumar Sinha <sup>1</sup> | Member                | Non-Executive Independent Director.     |
| Shri Pankaj Joshi, IAS               | Member                | Managing Director.                      |

<sup>1</sup> Prof. PiyushKumar Sinha was appointed as a Member w.e.f 10.11.2022

All Members possess good knowledge of finance and accounts.

- The Company Secretary acts as Secretary to the Committee.

#### TERMS OF REFERENCE

The terms of reference of Audit committee are in line with the Regulation 18 of the SEBI Listing Regulations, read with Section 177 of the Act, which, *inter-alia*, include the followings:

- Review of Quarterly and Annual Financial Statements with the Management before submission to the Board for approval;
- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- Review of adequacy of Internal Control Systems and procedures;
- Evaluation of internal financial controls and Risk Management Systems;
- Review of reports furnished by the Internal Auditors; and
- Reviewing the utilization of loans and / or advances from/investment by the holding company in the subsidiary exceeding ₹100.00 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

#### NUMBER OF MEETINGS

During FY 2022-23, Four (4) Meetings of the Audit Committee were held with a time-gap of not more than 120 days between any two Meetings. The details of said Meetings were held are as follows:

| S. No. | Date of Meeting    | Day on which the Meeting was held | Demmed Venue   |
|--------|--------------------|-----------------------------------|--|
| 1      | May 07, 2022.      | Saturday.                         | Board Room at GIFT City Office of the Company, 14 <sup>th</sup> Floor, GIFT One Tower, Road 5-C, Zone-5, Gandhinagar-382010 Through Video Conferencing / Other Audio Video Mode. |
| 2      | August 06, 2022.   | Saturday.                         |  |
| 3      | November 09, 2022. | Wednesday.                        |  |
| 4      | February 07, 2023. | Tuesday.                          |  |

Requisite Quorum was present for all the Meetings.

## CORPORATE GOVERNANCE

### ATTENDANCE AT THE MEETINGS

Attendance of Members at the Committee Meeting(s) held during FY 2022-23.

| Sr. No. | Member                        | No. of Meetings held during the tenure of Membership | No. of Meetings Attended |
|---------|-------------------------------|--|--------------------------|
| 1       | Shri Bhadresh Mehta           | 4  | 4                        |
| 2       | Smt. Gauri Kumar, IAS (Retd.) | 4  | 4                        |
| 3       | Prof. Ranjan Kumar Ghosh      | 4  | 4                        |
| 4       | Shri J P Gupta, IAS           | 4  | 3                        |
| 5       | Dr. N. Ravichandran           | 4  | 3                        |
| 6       | Prof. Piyushkumar Sinha       | 1  | 1                        |
| 7       | Shri Pankaj Joshi, IAS        | 4  | 4                        |

Shri Bhadresh Mehta, Chairman of Audit Committee remained present at the 46<sup>th</sup> AGM of the Company held on 27<sup>th</sup> September, 2022.

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

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

## B. NOMINATION AND REMUNERATION COMMITTEE

### CONSTITUTION & COMPOSITION

The Board has constituted "Nomination and Remuneration Committee" in compliance with Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations. This Committee presently comprises of Six (6) Directors viz.

| Name                                 | Role in the Committee | Category                                  |
|--------------------------------------|-----------------------|---|
| Smt. Gauri Kumar, IAS (Retd.)        | Chairperson           | Non-Executive & Independent Director.     |
| Prof. Ranjan Kumar Ghosh             | Member                | Non-Executive & Independent Director.     |
| Smt. Mamta Verma, IAS                | Member                | Non-Executive & Non-Independent Director. |
| Shri Bhadresh Mehta                  | Member                | Non-Executive & Independent Director.     |
| Dr. N. Ravichandran                  | Member                | Non-Executive & Independent Director.     |
| Prof. Piyushkumar Sinha <sup>1</sup> | Member                | Non-Executive & Independent Director.     |

<sup>1</sup> Prof. PiyushKumar Sinha was appointed as a Member w.e.f 10.11.2022.

- The Company Secretary acts as Secretary to the Committee.

### TERMS OF REFERENCE

The terms of reference of the Committee, inter-alia, include –

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

(ii)\* For every appointment of an Independent Director, the Nomination and Remuneration Committee evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- (a) use the services of an external agencies, if required;
- (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
- (c) consider the time commitments of the candidates.

(iii) Recommend to the board, all remuneration, in whatever form, payable to senior management (Senior management include core management team one level below the Board of Directors, CFO and Company Secretary).

\* The ToR (ii) is effective from January 1, 2022.

### NUMBER OF MEETINGS

During FY 2022-23, One (1) Meeting of the committee was held and the details for the same are as follows:

| S. No. | Date of Meeting | Day on which the Meeting was held | Demmed Venue   |
|--------|-----------------|-----------------------------------|--|
| 1      | March 16, 2023. | Thursday.                         | Board Room at GIFT City office of the company, 14 Floor, GIFT One Tower, Road 5-c, Zone-5, Gandhinagar-382010 Through Video Conferencing / Other Audio Video Mode. |

Requisite Quorum was present for the Meeting.

### ATTENDANCE AT THE MEETINGS

Attendance of Members at the Nomination & Remuneration Committee Meeting(s) held during FY 2022-23.

| Sr. No. | Member                        | No. of Meetings held during the tenure of Membership | No. of Meetings Attended |
|---------|-------------------------------|--|--------------------------|
| 1       | Smt. Gauri Kumar, IAS (Retd.) | 1  | 1                        |
| 2       | Prof. Ranjan Kumar Ghosh      | 1  | 1                        |
| 3       | Smt. Mamta Verma, IAS         | 1  | -                        |
| 4       | Shri Bhadresh Mehta           | 1  | 1                        |
| 5       | Dr. N. Ravichandran           | 1  | 1                        |
| 6       | Prof. Piyushkumar Sinha       | 1  | 1                        |

### PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS

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

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

- (i) Exercise of objective independent judgment in the best interest of the Company.

## CORPORATE GOVERNANCE

- (ii) Ability to contribute to and monitor Corporate Governance practices.
- (iii) Adherence to the Code of Conduct for Independent Directors.

### C. STAKEHOLDERS RELATIONSHIP COMMITTEE

#### CONSTITUTION & COMPOSITION

The Stakeholders Relationship Committee was constituted in compliance with Section 178 of the Act and Regulation 20 of the SEBI Listing Regulations. This Committee presently comprises of Three (3) Directors viz.

| Name                     | Role in the Committee | Category                                |
|--------------------------|-----------------------|---|
| Prof. Ranjan Kumar Ghosh | Chairman              | Non-Executive Independent Director.     |
| Smt. Mamta Verma, IAS    | Member                | Non-Executive Non-Independent Director. |
| Shri Pankaj Joshi, IAS   | Member                | Managing Director.                      |

- The Company Secretary acts as Secretary to the Committee.

#### TERMS OF REFERENCE

The terms of reference of the Committee, *inter alia*, include –

- (i) Resolving the grievances of the security holders of the Company 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.
- (ii) Review of measures taken for effective exercise of voting rights by shareholders.
- (iii) Review of adherence to the service standards adopted by the Company in respect of various services being rendered as Registrar & Share Transfer Agent.
- (iv) Review of various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the Shareholders.

#### NUMBER OF MEETINGS

During FY 2022-23, Eight (8) meetings of the Committee were held. Dates on which the said Meetings were held are as follows:

| S. No. | Date of Meeting     | Day on which the Meeting was held | Venue  |
|--------|---------------------|-----------------------------------|--|
| 1      | June 25, 2022.      | Saturday.                         | Board Room at GNFC Info. Tower, 3 <sup>rd</sup> Floor, S.G. Road, Bodakdev, Ahmedabad. |
| 2      | August 27, 2022.    | Saturday.                         |  |
| 3      | September 23, 2022. | Friday.                           |  |
| 4      | November 09, 2022.  | Wednesday.                        |  |
| 5      | December 02, 2022.  | Friday.                           |  |
| 6      | January 20, 2023.   | Friday.                           |  |
| 7      | February 03, 2023.  | Friday.                           |  |
| 8      | February 24, 2023.  | Friday.                           |  |

Requisite Quorum was present for all the Meetings.

### ATTENDANCE AT THE MEETINGS

Attendance of Members at the Stakeholders' Relationship Committee Meeting(s) held during FY 2022-23.

| Sr. No. | Member                   | No. of Meetings held during the tenure of Membership | No. of Meetings Attended |
|---------|--------------------------|--|--------------------------|
| 1       | Prof. Ranjan Kumar Ghosh | 8  | 8                        |
| 2       | Smt. Mamta Verma, IAS    | 8  | 8                        |
| 3       | Shri Pankaj Joshi, IAS   | 8  | 8                        |

### COMPLIANCE OFFICER

Shri A C Shah, Company Secretary is the Compliance Officer of the Company for complying with the requirements of the SEBI Listing Regulations, 2015 as also of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

### INVESTORS' GRIEVANCE REDRESSAL

Shri A C Shah, Company Secretary is the Compliance Officer for resolution of Shareholders' / Investors' complaints. During the financial year ended 31<sup>st</sup> March, 2023, fifteen (15) complaints were received from the Shareholders.

Status of Investor Complaints as on 31<sup>st</sup> March, 2023 as reported under Regulation 13(3) of the Listing Regulations is as follows:

|   |    |
|---|----|
| Complaints pending as on 1 <sup>st</sup> April, 2022. | 0  |
| Received during the year.                             | 71 |
| Resolved during the year.                             | 71 |
| Pending as on 31 <sup>st</sup> March, 2023.           | 0  |

The complaints have been resolved to the satisfaction of the shareholders. The correspondence identified as investor complaints are letters received through statutory/regulatory bodies.

## D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

### CONSTITUTION & COMPOSITION

The Corporate Social Responsibility Committee (CSR Committee) was constituted in compliance with Section 135 and Schedule-VII to the Act. This Committee presently comprises of Seven (7) Directors viz. –

| Name                                       | Role in the Committee | Category                                |
|--|-----------------------|---|
| Shri Vipul Mittra, IAS <sup>1</sup>        | Chairman              | Non-Executive Non-Independent Director. |
| Smt. Gauri Kumar, IAS (Retd.) <sup>2</sup> | Member                | Non-Executive Independent Director.     |
| Prof. Ranjan Kumar Ghosh                   | Member                | Non-Executive Independent Director.     |
| Shri Bhadresh Mehta                        | Member                | Non-Executive Independent Director.     |
| Dr. N. Ravichandran                        | Member                | Non-Executive Independent Director.     |
| Prof. Piyushkumar Sinha <sup>3</sup>       | Member                | Non-Executive Independent Director.     |
| Shri Pankaj Joshi, IAS                     | Member                | Managing Director.                      |

<sup>1</sup> Vipul Mittra, IAS was appointed as a Member and Chairman w.e.f. 22.03.2023.

<sup>2</sup> Smt. Gauri Kumar, IAS (Retd.) continued as a Member w.e.f. 22.03.2023.

<sup>3</sup> Prof. PiyushKumar Sinha was appointed as a Member w.e.f. 10.11.2022.

## CORPORATE GOVERNANCE

- The Company Secretary acts as Secretary to the Committee.

### TERMS OF REFERENCE

The terms of reference of the Committee, *inter alia*, include –

- Formulation and recommendation to the Board a CSR Policy indicating CSR projects / programs / activities to be undertaken falling within the purview of Schedule-VII to the Act;
- Developing the process of monitoring CSR projects / programs / activities stated in CSR Policy from time to time; and
- Ensuring that the Company spends on CSR Activities, in every financial year, at least 2% of the average Net Profits made during the three immediately preceding financial years in pursuance of its CSR Policy.

### NUMBERS OF MEETINGS & ATTENDANCE

During FY 2022-23, Two (2) Meetings of the Committee were held. Dates on which the said Meetings were held are as follows:

| S. No. | Date of Meeting | Day on which the Meeting was held | Demmed Venue   |
|--------|-----------------|-----------------------------------|--|
| 1      | July 30, 2022.  | Saturday.                         | Board Room at GIFT City office of the company, 14 <sup>th</sup> Floor, GIFT One Tower, Road 5-c, Zone-5, Gandhinagar-382010 Through Video Conferencing / Other Audio Video Mode. |
| 2      | March 16, 2023. | Thursday.                         |  |

Requisite quorum was present for all the meetings.

### ATTENDANCE AT THE MEETINGS

Attendance of Members at the Corporate Social Responsibility Committee Meeting(s) held during FY 2022-23

| Sr. No. | Member                                     | No. of Meetings held during the tenure of Membership | No. of Meetings Attended |
|---------|--|--|--------------------------|
| 1       | Shri Vipul Mitra, IAS <sup>1</sup>         | -  | -                        |
| 2       | Smt. Gauri Kumar, IAS (Retd.) <sup>2</sup> | 2  | 2                        |
| 3       | Prof. Ranjan Kumar Ghosh                   | 2  | 2                        |
| 4       | Shri Bhadresh Mehta                        | 2  | 2                        |
| 5       | Dr. N. Ravichandran                        | 2  | 2                        |
| 6       | Prof. Piyushkumar Sinha <sup>3</sup>       | 1  | 1                        |
| 7       | Shri Pankaj Joshi, IAS                     | 2  | 2                        |

<sup>1</sup> Vipul Mitra, IAS was appointed as a Member and Chairman w.e.f. 22.03.2023.

<sup>2</sup> Smt. Gauri Kumar, IAS(Retd.) continued as a member w.e.f. 22.03.2023.

<sup>3</sup> Prof. Piyushkumar Sinha was appointed as a Member w.e.f 10.11.2022.

## E. RISK MANAGEMENT COMMITTEE

### CONSTITUTION & COMPOSITION

Risk Management Committee was constituted in compliance with the amended Regulation 21 of the SEBI Listing Regulations. This Committee presently comprises of following Eight (8) Members viz.

| Name                                 | Role in the Committee | Category                            |
|--------------------------------------|-----------------------|-------------------------------------|
| Prof. Ranjan Kumar Ghosh             | Chairman.             | Non-Executive Independent Director. |
| Smt. Gauri Kumar, IAS (Retd.)        | Member.               | Non-Executive Independent Director. |
| Shri Bhadresh Mehta                  | Member.               | Non-Executive Independent Director. |
| Dr. N. Ravichandran                  | Member.               | Non-Executive Independent Director. |
| Prof. Piyushkumar Sinha <sup>1</sup> | Member.               | Non-Executive Independent Director. |
| Shri Pankaj Joshi, IAS               | Member.               | Managing Director.                  |
| Shri D.V.Parikh                      | Member.               | ED & CFO.                           |
| Shri A C Shah                        | Member.               | CS & GM.                            |

<sup>1</sup> Prof. PiyushKumar Sinha was appointed as a member w.e.f 10.11.2022.

- The Company Secretary also acts as Secretary to the Committee.

#### TERMS OF REFERENCE

The terms of reference of the Committee, *inter alia*, include –

- To formulate a detailed risk management policy.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

#### NUMBER OF MEETINGS AND ATTENDANCE

During FY 2022-23, Two (2) Meetings of the Committee were held. Dates on which the said Meetings were held are as follows:

| S. No. | Date of Meeting    | Day on which the Meeting was held | Demmed Venue   |
|--------|--------------------|-----------------------------------|--|
| 1      | November 17, 2022. | Thursday.                         | Board Room at GIFT City office of the company, 14 <sup>th</sup> Floor, GIFT One Tower, Road 5-c, Zone-5, Gandhinagar-382010 Through Video Conferencing / Other Audio Video Mode. |
| 2      | March 16, 2023.    | Thursday.                         |  |

Requisite Quorum was present for all the meetings.

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### CORPORATE GOVERNANCE

#### ATTENDANCE AT THE MEETINGS

Attendance of Members at the Risk Management Committee Meeting(s) held during FY 2022-23.

| Sr. No. | Member                        | No. of Meetings held during the tenure of Membership | No. of Meetings Attended |
|---------|-------------------------------|--|--------------------------|
| 1       | Prof. Ranjan Kumar Ghosh      | 2  | 1*                       |
| 2       | Smt. Gauri Kumar, IAS (Retd.) | 2  | 2                        |
| 3       | Shri Bhadresh Mehta           | 2  | 2                        |
| 4       | Dr. N. Ravichandran           | 2  | 2                        |
| 5       | Prof. Piyushkumar Sinha       | 2  | 2                        |
| 6       | Shri Pankaj Joshi, IAS        | 2  | 2                        |
| 7       | Shri D.V.Parikh               | 2  | 2                        |
| 8       | Shri A C Shah                 | 2  | 2                        |

\* Due to Leave of Absence being granted to Prof. Ranjan Kumar Ghosh for the Meeting held on November 17, 2022, Smt. Gauri Kumar, IAS (Retd.) was elected as Chairperson for the said Meeting.

#### SEPARATE MEETING OF INDEPENDENT DIRECTORS

A separate Meeting of Independent Directors (IDs), without the attendance of Non-Independent Directors and Members of Management as required under Schedule IV to the Act read with Regulation 25(3) of the Listing Regulations was held on 16<sup>th</sup> March, 2023.

#### FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

A system is in place to familiarize the Independent Directors about the Company by providing a director's pact covering the details about the Company as follows:

| Sr. No. | Particulars   |
|---------|---|
| 1       | Operational and financial highlights.   |
| 2       | Various Plants with installed capacity and products manufactured by the Company.                |
| 3       | CSR Projects / Activities.  |
| 4       | Their role, rights and responsibilities as per the Act, Rules and the SEBI Listing Regulations. |
| 5       | Nature of industry in which the Company operates.   |
| 6       | Business model of the Company.  |

While considering quarterly and Annual Financial Results, a presentation is made to the Audit Committee and the Board of Directors, inter-alia, covering Operational and Financial performance of the Company.

The familiarization program is disclosed on the Company's Website and can be accessed at web link - <https://www.gnfc.in/wp-content/uploads/2021/03/Familiarisation-of-IDs.pdf>

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

The Board has approved "Nomination, Remuneration & Evaluation Policy" based on the recommendations of the Nomination & Remuneration Committee. The said Policy, inter alia, deals with composition and functioning of Nomination & Remuneration Committee, procedure for selection and appointment of Directors, Key Managerial Personnel (KMP) and Senior Management



Personnel (SMP), remuneration to Directors, KMP and SMP, performance evaluation of Directors, Board Diversity and criteria for performance evaluation of Directors.

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

## DETAILS OF REMUNERATION PAID TO DIRECTORS

### MANAGING DIRECTOR

In exercise of the powers vested under Article 136 of the Articles of Association of the Company (AoA), Shri Pankaj Joshi, IAS Additional Chief Secretary to the Chief Minister - Gujarat, has been appointed as Managing Director on the Board of Directors of the Company effective from 16.07.2020. Shri Pankaj Joshi, IAS is holding the additional charge as Managing Director of the Company and drawing remuneration from the Govt. of Gujarat (GoG).

AS per the terms as to remuneration, received from the General Administration Department (GAD), GoG, the Company pays Special Pay/Charge Allowance @ 5% of Basic Pay as per Sixth Pay Commission to Shri Pankaj Joshi, IAS as Managing Director of the Company. Such payment of Special Pay/Charge Allowance is subject to the ceiling limit specified in Schedule V to the Act.

The remuneration payable to the Managing Director is decided by the GoG. Such remuneration is fixed as per the Government Rules / Norms and is not linked with the performance criteria of the Company.

### NON-EXECUTIVE DIRECTORS

Remuneration of Non-Executive Directors (NEDs) is decided by the Board of Directors. NEDs are paid remuneration by way of Sitting Fees only for attending Board or Committees Meeting(s). They are paid sitting fees @ ₹ 17,500/- per Meeting attended by them.

Details of Sitting Fees paid to Non-Executive Directors during FY 2022-23.

| Director                      | Sitting Fees Paid<br>(Amount ₹) |
|-------------------------------|---------------------------------|
| Shri Pankaj Kumar, IAS*       | 52,500                          |
| Shri Vipul Mittra, IAS*       | 17,500                          |
| Smt. Mamta Verma, IAS*        | 1,92,500                        |
| Smt. Gauri Kumar, IAS (Retd.) | 2,45,000                        |
| Shri Mukesh Puri, IAS*        | 1,75,000                        |
| Prof. Ranjan Kumar Ghosh      | 3,85,000                        |
| Shri J P Gupta, IAS*          | 2,10,000                        |
| Shri Bhadresh Mehta.          | 3,50,000                        |
| Dr. N Ravichandran.           | 3,32,500                        |
| Prof. Piyushkumar Sinha.      | 1,92,500                        |

\* Amount deposited in Government Treasury.

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### CORPORATE GOVERNANCE

#### EQUITY SHARES HELD IN THE COMPANY BY NON-EXECUTIVE DIRECTORS

Shri Bhadresh Mehta, Independent Director, holds 75 equity shares in the Company as on 31<sup>st</sup> March, 2023. None of the other Non-Executive Directors held the Company's equity shares as on 31<sup>st</sup> March, 2023. The Company has not issued any convertible instruments. The Company has not granted any Stock Option to its Directors.

#### GENERAL BODY MEETINGS

##### (a) ANNUAL GENERAL MEETING (AGM)

Previously, the Company's AGMs were held at the Registered Office of the Company at Open Air Theatre, Sports Complex, Narmadanagar Township, P.O.: Narmadanagar - 392 015. Dist.: Bharuch. However, due to the unprecedented outbreak of COVID-19 pandemic, the 45<sup>th</sup> AGM and the 46<sup>th</sup> AGM were held through Video Conferencing (VC). The date and time of AGMs held during last three years and the Special Resolutions passed thereat are as follows:

| Year    | Date of AGM | Time     | Venue   | Special Resolution Passed  |
|---------|-------------|----------|---|--|
| 2021-22 | 27-09-2022  | 03:30 PM | Through Video Conferencing / Other Audio Video Mode | 1. Appointment of Shri Bhadresh Mehta (DIN: 02625115) as an Independent Director of the Company.<br>2. Appointment of Dr. N. Ravichandran (DIN: 02065298) as an Independent Director of the Company. |
| 2020-21 | 23/09/2021  | 03:00 PM |   | ----None----   |
| 2019-20 | 29/09/2020  | 03:00 PM |   | ----None----   |

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

##### (b) EXTRA-ORDINARY GENERAL MEETING

No Extra-ordinary General Meeting of Members was held during FY 2022-23.

#### POSTAL BALLOT

During April 2022, the Company had sent a Notice to the Members proposing to pass a Special Resolution through Postal Ballot:

##### SPECIAL RESOLUTION:

| Sr. No. | Particulars of Resolution  |
|---------|--|
| 1       | Appointment of Prof. Piyushkumar Sinha (DIN: 00484132) as an Independent Director of the Company for a period of three years with effect from 08 <sup>th</sup> March 2022. |

##### RESULT OF VOTING THROUGH POSTAL BALLOT BY REMOTE E-VOTING:

| Votes Cast | Number of Members | Number of Votes | % of total No. of valid votes cast |
|------------|-------------------|-----------------|------------------------------------|
| In favor   | 379               | 9,72,36,376     | 99.81                              |
| Against    | 13                | 1,83,491        | 0.19                               |
| Abstained  | 3                 | 440             | -                                  |

Following Special resolution is passed through Postal Ballot during FY 2022-23.

During March 2023, the Company had sent a Notice to the Members proposing to pass a Ordinary Resolution through Postal Ballot:

**ORDINARY RESOLUTION:**

| Sr. No. | Particulars of Resolution  |
|---------|--|
| 1       | Appointment of Shri Vipul Mittra, IAS (DIN: 03108280) as a Director and Chairman of the Company. |

**RESULT OF VOTING THROUGH POSTAL BALLOT BY REMOTE E-VOTING:**

| Votes Cast | Number of Members | Number of Votes | % of total No. of valid votes cast |
|------------|-------------------|-----------------|------------------------------------|
| In favor   | 479               | 4,18,61,206     | 61.30                              |
| Against    | 166               | 2,64,24,385     | 38.70                              |
| Abstained  | 11                | 5,526           | -                                  |

**PROCEDURE FOR POSTAL BALLOT:**

**A. Special Resolution passed for Appointment of Prof. Piyushkumar Sinha as an Independent Director of the Company:**

Pursuant to the provisions of Section 110 of the Act read with Rule 22 of Companies (Management and Administration) Rules, 2014 (M&A Rules), as amended, the Company had issued Postal Ballot Notice dated 1<sup>st</sup> April, 2022 to the Members, seeking their consent with respect to appointment of Prof. Piyushkumar Sinha (DIN: 00484132) as an Independent Director of the Company for a period of three years with effect from 08<sup>th</sup> March 2022. In compliance with the provisions of Sections 108, 110 and all other applicable provisions of the Act read with the M&A Rules, the Company had provided remote e-voting facility to all the Members of the Company.

The Company engaged the services of KFin Technologies Limited, Registrar and Share Transfer Agents (RTA) of the Company for facilitating e-voting to enable the Members to cast their votes electronically. The Board of Directors had appointed CS J J Gandhi, Proprietor of J J Gandhi & Co., Practicing Company Secretaries, as the Scrutinizer for conducting the Postal Ballot through e-voting process in a fair and transparent manner. The e-voting period commenced on Friday, the 22<sup>nd</sup> April, 2022 at 9:00 A.M. (IST) and ended on Saturday, the 21<sup>st</sup> May, 2022 at 5:00 P.M. (IST). The cut-off date, for the purpose of determining the number of Members was Friday, 8<sup>th</sup> April, 2022. A newspaper advertisement, as required under the Act was published in all India edition of "Business Standard" (English Newspaper) and all Gujarat edition of "Loksatta" (Gujarati Newspaper) on 13<sup>th</sup> April, 2022.

The Scrutiniser, after the completion of scrutiny, submitted his report to Shri A C Shah, Company Secretary, who was duly authorised by the Chairperson to accept, acknowledge and countersign the Scrutiniser's Report as well as declare the voting results in accordance with the provisions of the Act, the Rules framed thereunder and Secretarial Standard – 2, issued by the Institute of Company Secretaries of India.

The consolidated results of the voting by Postal Ballot and e-voting were announced on 23<sup>rd</sup> May, 2022. The results were also displayed on the Website of the Company at [www.gnfc.in](http://www.gnfc.in) and on the Website of KFin Technologies Limited at <https://evoting.kfintech.com/> and also communicated to BSE Limited (BSE), National Stock Exchange of India Limited (NSE).

**B. Ordinary Resolution passed for Appointment of Shri Vipul Mittra, IAS as a Director and Chairman of the Company:**

Pursuant to the provisions of Section 110 of the Act read with Rule 20 and 22 of Companies (Management and Administration) Rules, 2014 (M&A Rules), as amended, the Company had issued Postal Ballot Notice dated 3<sup>rd</sup> March, 2023 to the Members, seeking their consent with respect to Appointment of Shri Vipul Mittra, IAS (DIN: 03108280) as a Director and Chairman of the Company. In compliance with the provisions of Sections 108, 110 and all other applicable provisions of the Act read with the M&A Rules, the Company had provided remote e-voting facility to all the Members of the Company.

The Company engaged the services of KFin Technologies Limited, Registrar and Share Transfer Agents (RTA) of the Company for facilitating e-voting to enable the Members to cast their votes electronically. The Board of Directors had

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## CORPORATE GOVERNANCE

appointed CS J J Gandhi, Proprietor of J J Gandhi & Co., Practicing Company Secretaries, as the Scrutinizer for conducting the Postal Ballot through e-voting process in a fair and transparent manner. The e-voting period commenced on Friday, the 17<sup>th</sup> March, 2023 at 9:00 A.M. (IST) and ended on Saturday, the 15<sup>th</sup> April, 2023 at 5:00 P.M. (IST). The cut-off date, for the purpose of determining the number of Members was Friday, 10<sup>th</sup> March, 2023. A newspaper advertisement, as required under the Act was published in Ahmedabad Edition of “Business Standard” (English Newspaper) and Vadodara Edition of “Loksatta Jansatta” (Gujarati Newspaper) on 14<sup>th</sup> March, 2023.

The Scrutiniser, after the completion of scrutiny, submitted his report to Shri A C Shah, Company Secretary, who was duly authorised by the Chairperson to accept, acknowledge and countersign the Scrutiniser’s Report as well as declare the voting results in accordance with the provisions of the Act, the Rules framed thereunder and Secretarial Standard – 2, issued by the Institute of Company Secretaries of India.

The consolidated results of the voting by Postal Ballot and e-voting were announced on 18<sup>th</sup> April, 2023. The results were also displayed on the Website of the Company at [www.gnfc.in](http://www.gnfc.in) and on the Website of KFin Technologies Limited at <https://evoting.kfintech.com/> and also communicated to BSE Limited (BSE), National Stock Exchange of India Limited (NSE).

## DISCLOSURES

### RELATED PARTY TRANSACTIONS

The Company has formulated a Policy on Related Party Transactions (RPT Policy) which is available on the Company’s Website and can be accessed at the Link –

<https://www.gnfc.in/wp-content/uploads/2021/04/Related-Party-Transactions-Policy.pdf>

During FY 2022-23, the Company has not entered into any contract / arrangement / transaction with Related Parties, which could be considered material in accordance with the Policy on RPTs. In terms of the omnibus approval accorded by the Audit Committee, a Statement in the summary form of transactions with Related Parties, which are routine and repetitive in nature, in the ordinary course of business and on arm’s length basis is periodically placed before the Audit Committee for review and approval. None of the transactions with Related Parties were in conflict with the Company’s interest.

### SUBSIDIARY COMPANY

The Company has no Subsidiary Company for the reporting period.

### ACCOUNTING TREATMENT

The Company has followed Indian Accounting Standards (Ind AS) in preparation of the Financial Statements for the FY 2022-23 as per the road map announced by the Ministry of Corporate Affairs (MCA), Govt. The Significant Accounting Policies which are consistently applied are set out in the Notes to the Financial Statements.

### DETAILS OF NON-COMPLIANCE

The Company has complied with all the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, as amended.

There has been no fine / penalty / stricture imposed on the Company by the Stock Exchanges or the SEBI or any other Statutory Authority on any matter related to capital markets during last three financial years.

### RISK MANAGEMENT

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

### RECONCILIATION OF SHARE CAPITAL AUDIT

A qualified Practicing Company Secretary carried out Share Capital Audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (“NSDL”) and the Central Depository Services (India) Limited (“CDSL”) and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the

total number of shares in physical mode and the total number of dematerialized shares held with NSDL and CDSL. Such Quarterly Reports are submitted to BSE and NSE within thirty (30) days from the end of each quarter and also placed before the Board Meetings for noting.

**CODE OF PREVENTION OF INSIDER TRADING PRACTICES**

The Company has in place a Code of Conduct for Prevention of Insider Trading under SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018. With a view to regulate trading in securities by the designated persons, the Code lays down the guidelines, which advises the designated persons, on the procedures to be followed and disclosures to be made by them, while dealing in the Company’s shares and cautioning them of the consequences of violations, if any.

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

There was no instance during the FY 2022-23 when the Board had not accepted any recommendation of any Committee of the Board.

**VIGIL MECHANISM CUM WHISTLE BLOWER POLICY**

The Company has in place “Vigil Mechanism-cum-Whistle Blower Policy” to provide a formal mechanism to the directors and employees to report their genuine concerns about the unethical behaviour, actual or suspected fraud, etc. The mechanism provides for adequate safeguards against victimization of employees, who use such mechanism. During the year, no employee was denied access to the Audit Committee. The Policy is displayed on the Company’s Website and can be accessed at link [https://www.gnfc.in/wp-content/uploads/2021/04/Vigill-Mechanism-Cum-Whistle%20Blower-Policy\\_21102014.pdf](https://www.gnfc.in/wp-content/uploads/2021/04/Vigill-Mechanism-Cum-Whistle%20Blower-Policy_21102014.pdf)

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

The Company is committed to ensuring that all employees work in an environment that not only promote diversity and equality but also mutual trust, equal opportunity and respect for human rights. The Company is also committed to provide a work environment that ensures every woman employee is treated with dignity, respect and afforded equal treatment.

The Company has formulated a Policy on prevention of Sexual Harassment in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder which is aimed at providing every woman at the workplace a safe, secure and dignified work environment.

The Company has constituted Internal Committee to redress the complaint(s).

**Details of the complaints:**

|  |   |
|--|---|
| No. of Complaints filed during the financial year.         | 1 |
| No. of Complaints disposed of during the financial year.   | 1 |
| No. of Complaints pending as on end of the financial year. | 0 |

**LIST OF CREDIT RATINGS OBTAINED BY THE COMPANY DURING THE FY 2022-23:**

| Nature of Instrument      | Present Rating               |
|---------------------------|------------------------------|
| Fund Based facilities     | BWR AA+ / Stable Assignment. |
| Non-Fund Based facilities | BWR A1+ / Assignment.        |

### CORPORATE GOVERNANCE

#### CEO / CFO CERTIFICATION

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

#### FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

During FY 2022-23, the Company managed the foreign exchange risks and hedged to the extent considered necessary. The Company enters into forward contracts for hedging (including natural hedging) foreign exchange exposures against imports and exports.

#### COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN LISTING REGULATIONS

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

The Company has also complied with Corporate Governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations and necessary disclosures have been made in this Corporate Governance Report. No funds were raised through preferential allotment or Qualified Institutional Placement as per the Regulation 32(7A) of Listing Regulations.

A Certificate as to the compliance of conditions of Corporate Governance issued by Practising Company Secretary is appended with this Report.

#### MANAGEMENT DISCUSSION & ANALYSIS

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

#### CORPORATE POLICIES:

- Code of Conduct for prevention of insider trading in securities of the company
- Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information
- Nomination, Remuneration and Evaluation Policy
- Business Responsibility Policy
- Dividend Distribution Policy
- Policy for Determination of Materiality of Events / Information
- Vigil Mechanism cum Whistle Blower Policy
- Related Party Transactions Policy

#### COMMUNICATION TO SHAREHOLDERS

Effective communication of information is an essential component of Corporate Governance. It is a process of sharing information, ideas, thoughts, opinions and plans to all stakeholders which promotes management-shareholder relations. The Company regularly interacts with shareholders through multiple channels of communication such as:

|  |  |
|--|--|
| <b>Results Announcements</b>                             | The Quarterly, Half yearly and Annual Results of the Company's performance are published in leading newspapers such as Business Standard, Indian Express, Sandesh and Gujarat Samachar.  |
| <b>Annual Report and AGM</b>                             | Annual Report containing Audited Standalone and Consolidated Financial Statements together with Report of Board of Directors, Management Discussion and Analysis Report, Corporate Governance Report, Auditors Report and other important information are circulated to the Members. In the AGM, the shareholders also interact with the Board and the Management.   |
| <b>Media Releases</b>                                    | All our news releases and presentations made at investor conferences and to analysts are hosted on the website of the Company.   |
| <b>Company's Website</b>                                 | The Company's website contains a dedicated section for Investors where Annual Reports, Quarterly and Annual Results, Stock Exchange filings, Press Releases, Quarterly Reports, and all Statutory Policies are available, apart from the details about the Company, Board of Directors and Management. The website also displays vital information relating to the Company and its performance, official press releases and presentation to analysts.  |
| <b>Designated Email Ids</b>                              | For Investor: investor@gnfc.in   |
| <b>Stock Exchanges</b>                                   | All price sensitive information and matters that are material to shareholders are disclosed to the respective Stock Exchanges where the securities of the Company are listed. The Quarterly Results, Shareholding Pattern and all other corporate communication to the Stock Exchanges are filed through NSE Electronic Application Processing System (NEAPS), NSE Digital Exchange platform and BSE Listing Centre, for dissemination on their respective websites. The stock exchange filings are also made available on the website of the Company at www.gnfc.in |
| <b>SCORES (SEBI Investor Grievance Redressal System)</b> | SCORES platform of SEBI facilitates online filing of investor grievance and online view of the status. The Company endeavours to redress the grievance of the Investors as soon as it receives it from the SCORES platform.  |

## INVESTOR SERVICES

### WEB-BASED QUERY REDRESSAL SYSTEM

Members may utilise the facility extended by the Registrar and Share Transfer Agent for redressal of queries, by visiting <https://karisma.kfintech.com/> and clicking on 'INVESTORS SERVICES' option for query registration through an identity registration process. Investors can submit their query in the 'QUERIES' option provided on the said website, that would generate the query registration number. For accessing the status/response to the query submitted, the query registration number can be used at the option 'VIEW REPLY' after 24 hours. Investors can continue to put an additional query, if any, relating to the grievance till they get a satisfactory reply.

### CERTIFICATION FROM COMPANY SECRETARY IN PRACTICE

Certificate as required under Part C of Schedule V to the Listing Regulations, received from Shri Suresh Kumar Kabra, (CP No. 9927) partner of Samdani Shah & Kabra, Practicing Company Secretaries, Vadodara, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority. The Certificate is enclosed as Annexure 1 to this Report.

## 47<sup>th</sup> Annual Report 2022 – 2023

### CORPORATE GOVERNANCE

#### TOTAL FEES FOR ALL THE SERVICES RENDERED BY THE STATUTORY AUDITORS AND ALL ENTITIES IN THE NETWORK ENTITY IN WHICH THE STATUTORY AUDITOR IS A PART.

The Members of the Company had, in the 45<sup>th</sup> AGM held in the year 2021, approved the appointment of M/s Suresh Surana & Associates LLP as Statutory Auditors for a period of five (5) consecutive years from the conclusion of 45<sup>th</sup> AGM till the conclusion of 50<sup>th</sup> AGM of the Company, vice M/s SRBC & Co. LLP.

Total Fees paid to the Statutory Auditors is:

| Name of the Statutory Auditor<br>(M/s Suresh Surana & Associates LLP) | (₹ Crores) |
|---|------------|
| Statutory Audit Fee.  | 0.14       |
| Other Services including reimbursement of expenses.                   | 0.31       |

### COMPLIANCE

#### MANDATORY REQUIREMENTS

The Company is fully compliant with the applicable mandatory requirements of the Listing Regulations for the FY 2022-23.

#### ADOPTION OF REGULATION REQUIREMENTS

The following non-mandatory requirements under Part E of Schedule II to the Listing Regulations to the extent they have been adopted are:

- The Board:** Mr. Vipul Mittra, Non-Executive Chairman, is entitled to maintain a Chairman Office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.
- Non-Executive Chairman's Office:** Chairman's Office is separate from that of the Managing Director. The Chairman is a Non-Executive Director and not related to the Managing Director.
- Shareholders' Rights:** The quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's Website.
- Modified Opinion in Auditors Report:** The Company's Financial Statements for the Financial Year ended 31<sup>st</sup> March, 2023 do not contain any modified Audit Opinion.
- Reporting of Internal Auditor:** The Internal Auditor reports to the Audit Committee. They regularly attend Meetings of the Audit Committee wherein they present their Audit Observations to the Audit Committee.

#### GENERAL SHAREHOLDER INFORMATION

##### Annual General Meeting

|       |   |
|-------|---|
| Day   | : Tuesday.  |
| Date  | : 26 <sup>th</sup> September, 2023.   |
| Time  | : 03:00 P.M.  |
| Venue | : The AGM of the Company is being held through VC/OAVM. The deemed venue for the 47 <sup>th</sup> AGM will be the Registered Office of the Company, at the Board Room, P.O.: Narmadanagar - 392 015, District: Bharuch. |



**Financial Year** : 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023.

**Financial Calendar : (Tentative)**

|                                   |                                      |
|-----------------------------------|--------------------------------------|
| Results for the Quarter ending on | Announced / will be announced by     |
| 30 <sup>th</sup> June, 2023.      | : 07 <sup>th</sup> August, 2023      |
| 30 <sup>th</sup> September, 2023. | : 14 <sup>th</sup> November, 2023. * |
| 31 <sup>st</sup> December, 2023.  | : 14 <sup>th</sup> February, 2023. * |
| 31 <sup>st</sup> March, 2024.     | : 30 <sup>th</sup> May, 2024. *      |

\* These are indicative dates subject to change as per the MCA Circular(s) that may be issued from time to time.

**Books Closure**

Closure of Register of Members and : Wednesday, 20<sup>th</sup> September, 2023 to Tuesday, 26<sup>th</sup> September, 2023  
Share Transfer Books (both days inclusive).

**Dividend Payment Date** : On or After 03<sup>rd</sup> October, 2023.

**LISTING :**

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

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

Exchange Plaza, 5<sup>th</sup> Floor, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051; and

**2) BSE Limited (BSE).**

PJ Towers, Dalal Street, Mumbai - 400 001.

**LISTING FEES TO STOCK EXCHANGES**

The Company has already paid Annual Listing Fees to NSE and BSE for the FY 2023-24.

**CUSTODIAL FEES TO DEPOSITORIES**

The Company has already paid Custodial Fees to National Securities Depository Ltd. (NSDL), and Central Depository Services (India) Ltd. (CDSL), for the FY 2023-24.

**OTHER DETAILS**

**DETAILS OF SECURITY**

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

## 47<sup>th</sup> Annual Report 2022 – 2023

### CORPORATE GOVERNANCE

#### STOCK MARKET PRICE DATA

Monthly High & Low of Company's share price on BSE Limited (BSE) and National Stock Exchange of India Ltd. (NSE), during FY 2022-23:

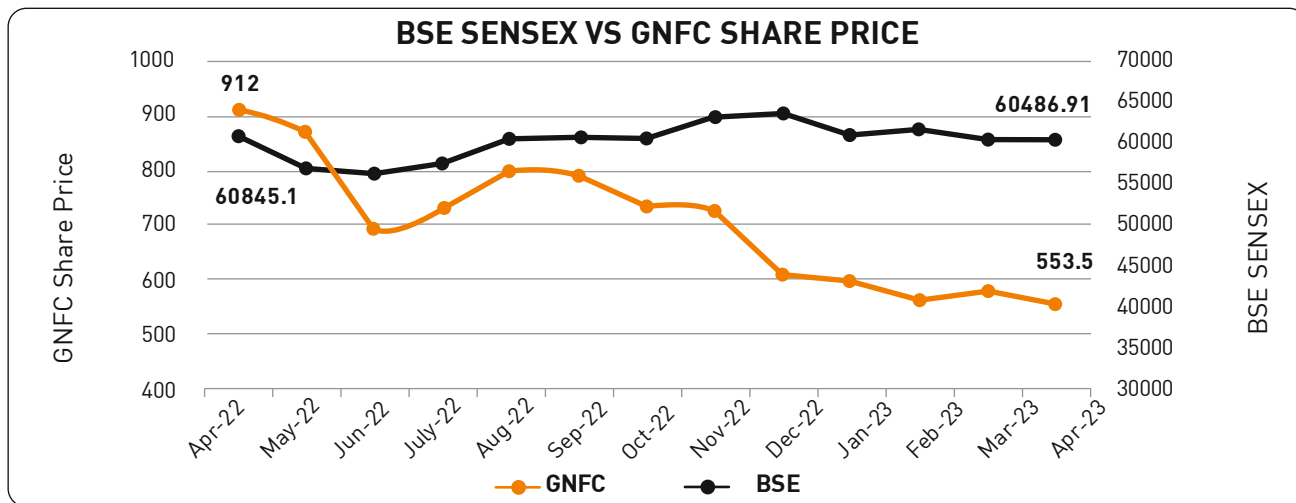
(Amount ₹)

| MONTH          | BSE    |        | NSE    |        |
|----------------|--------|--------|--------|--------|
|                | High   | Low    | High   | Low    |
| April - 2022   | 912.00 | 807.25 | 912.00 | 807.10 |
| May            | 868.00 | 569.00 | 869.00 | 568.80 |
| June           | 695.50 | 532.95 | 695.70 | 533.00 |
| July           | 730.50 | 563.70 | 730.55 | 563.25 |
| August         | 798.30 | 708.00 | 798.50 | 707.85 |
| September      | 789.00 | 614.35 | 789.25 | 614.50 |
| October        | 735.25 | 631.25 | 735.00 | 631.00 |
| November       | 726.35 | 549.80 | 726.00 | 549.15 |
| December       | 608.50 | 516.35 | 608.90 | 516.20 |
| January - 2023 | 597.00 | 517.25 | 596.70 | 516.80 |
| February       | 564.40 | 499.60 | 564.55 | 499.40 |
| March          | 578.00 | 484.45 | 578.00 | 484.45 |

#### STOCK PERFORMANCE 2022-23.

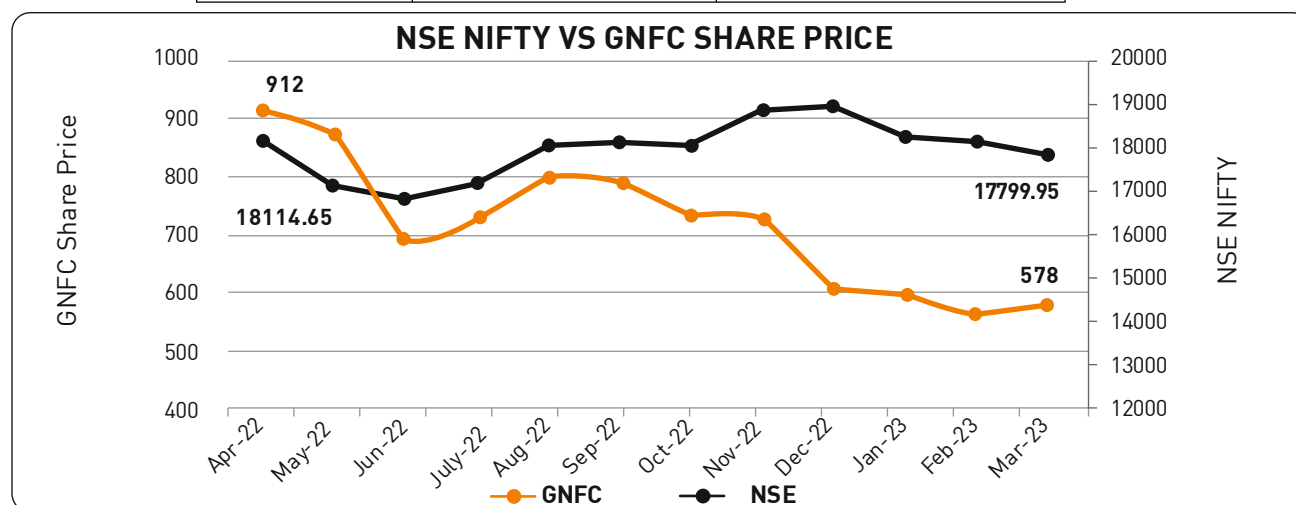
##### STOCK PERFORMANCE VS BSE INDEX:

| Months         | GNFC HIGHEST (₹) | BSE SENSEX HIGHEST |
|----------------|------------------|--------------------|
| April - 2022   | 912.00           | 60,845.10          |
| May            | 868.00           | 57,184.21          |
| June           | 695.50           | 56,432.65          |
| July           | 730.50           | 57,619.27          |
| August         | 798.30           | 60,411.20          |
| September      | 789.00           | 60,676.12          |
| October        | 735.25           | 60,786.70          |
| November       | 726.35           | 63,303.01          |
| December       | 608.50           | 63,583.07          |
| January - 2023 | 597.00           | 61,343.96          |
| February       | 564.40           | 61,682.25          |
| March          | 578.00           | 60,498.48          |



### STOCK PERFORMANCE VS NIFTY 50:

| MONTH          | GNFC HIGHEST (₹) | NIFTY HIGHEST |
|----------------|------------------|---------------|
| April - 2022   | 912.00           | 18,114.65     |
| May            | 868.00           | 17,132.85     |
| June           | 695.50           | 16,793.85     |
| July           | 730.50           | 17,172.80     |
| August         | 798.30           | 17,992.20     |
| September      | 789.00           | 18,096.15     |
| October        | 735.25           | 18,022.80     |
| November       | 726.35           | 18,816.05     |
| December       | 608.50           | 18,887.60     |
| January - 2023 | 597.00           | 18,251.95     |
| February       | 564.40           | 18,134.75     |
| March          | 578.00           | 17,799.95     |



### CORPORATE GOVERNANCE

#### **Unpaid / Unclaimed Dividends**

In accordance with the provisions of Sections 124 and 125 of Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) dividends not encashed / claimed up to seven (07) consecutive years from the date of declaration are to be transferred to the Investor Education and Protection Fund (IEPF) Authority.

The IEPF Rules mandate Companies to transfer Shares of Members whose dividends remain unpaid / unclaimed for a continuous period of seven years to the Demat account of the IEPF Authority. The Members whose dividend / shares are transferred to the IEPF Authority can claim their shares / dividend from the Authority. In accordance with the said IEPF Rules as amended, the Company had sent notices to all the Shareholders whose shares were due to be transferred to the IEPF Authority and simultaneously published notice in newspapers also.

In terms of the provisions of IEPF Rules / Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, Company did not pay any dividend for the FY 2014-15, thus there was no Unpaid/ Unclaimed Dividend and no shares were transferred to IEPF during the FY 2022-23.

#### **Investors' Services:**

The Company has appointed "M/s. KFin Technologies Limited", Hyderabad (SEBI Registration No. INR000000221) as its Registrar and Share Transfer Agent (RTA) for both the forms of Registry viz. Physical as well as Electronic Connectivity.

#### **Share Transfer System:**

All communications regarding share certificates, change of address, dividends, etc. should be addressed to the RTA.

According to the Listing Regulations, no shares can be transferred unless they are held in dematerialised mode. Members holding shares in physical form are therefore requested to convert their holdings into dematerialized mode to avoid loss of shares and fraudulent transactions and avail better investor servicing. Accordingly, only valid transmission or transposition cases may be processed by the RTA of the Company, subject to compliance with the guidelines prescribed by SEBI.

KFin Technologies Limited is the common Share transfer agent for both physical and dematerialised mode. Transfer of shares in electronic form were processed and approved by NSDL and CDSL through their Depository Participant without the involvement of the Company.

The Company obtains an annual certificate from Practising Company Secretaries as per the requirement of Regulation 40(9) of Listing Regulations and the same is filed with the Stock Exchanges and available on the website of the Company.

In terms of amended Regulation 40 of Listing Regulations w.e.f. 1<sup>st</sup> April, 2019, as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018 transfer of securities in physical form shall not be processed unless the securities are held in the Demat mode with a Depository Participant. Further, with effect from 24<sup>th</sup> January, 2022, the SEBI has made it mandatory for listed companies to issue securities in Demat mode only while processing any investor service requests viz. issue of duplicate share certificates, exchange/sub-division/ splitting/consolidation of securities, transmission/ transposition of securities. Vide its Circular dated 25<sup>th</sup> January, 2022, SEBI has clarified that listed entities/ RTAs shall now issue a Letter of Confirmation in lieu of the share certificate while processing any of the aforesaid investor service request.

#### **Simplified Norms for processing Investor Service Request.**

SEBI, vide its Circular dated 3<sup>rd</sup> November, 2021, has made it mandatory for holders of physical securities to furnish PAN, KYC and Nomination/Opt-out of Nomination details by holders of physical securities to avail any investor service.

The concerned Members are therefore urged to furnish PAN, KYC and Nomination/ Opt out of Nomination by submitting the prescribed forms duly filled by email from their registered email id to einward.ris@kfintech.com or by sending a physical copy of

the prescribed Forms duly filled and signed by the registered holders to M/s. KFin Technologies Limited at Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad-500 032.

Kindly refer to the SEBI circular dated January 25, 2022 bearing Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 pursuant to Issuance of Securities in dematerialised form in case of Investor Service Requests which states that henceforth listed companies shall issue the securities in dematerialised form only while processing certain service request. Investors holding securities in physical mode are advised to take a note of instructions mentioned in the said circular and get in touch with M/s. KFin Technologies Limited, Hyderabad, Registrar and Share Transfer Agent of the Company for processing certain service requests. (Link: <https://www.gnfc.in/useful-forms/>).

**DISTRIBUTION OF SHARE HOLDING AS ON 31<sup>st</sup> MARCH 2023.**

| Sr. No. | Category of Equity Shares | No. of Share holders | % to total Share holders | No. of Shares       | % to Total Equity Capital |
|---------|---------------------------|----------------------|--------------------------|---------------------|---------------------------|
| 1.      | 1 to 250                  | 2,53,241             | 90.47                    | 1,52,10,814         | 9.79                      |
| 2.      | 251 to 500                | 14,580               | 5.21                     | 54,65,365           | 3.52                      |
| 3.      | 501 to 1000               | 6,550                | 2.34                     | 50,44,754           | 3.25                      |
| 4.      | 1001 to 2000              | 2,939                | 1.05                     | 43,43,668           | 2.79                      |
| 5.      | 2001 to 3000              | 910                  | 0.33                     | 23,16,994           | 1.49                      |
| 6.      | 3001 to 4000              | 387                  | 0.14                     | 13,95,303           | 0.90                      |
| 7.      | 4001 to 5000              | 301                  | 0.11                     | 14,09,614           | 0.91                      |
| 8.      | 5001 to 10000             | 494                  | 0.18                     | 35,62,932           | 2.29                      |
| 9.      | 10001 and above           | 507                  | 0.18                     | 11,66,69,339        | 75.07                     |
|         | <b>Total</b>              | <b>2,79,909</b>      | <b>100.00</b>            | <b>15,54,18,783</b> | <b>100.00</b>             |

**Shareholding Pattern of the Company as on 31<sup>st</sup> March 2023.**

| Sr. No. | Category of Shareholders            | Total No. of Shares | % to Total Equity Capital |
|---------|-------------------------------------|---------------------|---------------------------|
| 1.      | Promoters & Promoters Group.        | 6,40,06,713         | 41.18                     |
| 2.      | Alternative Investment Fund         | 2,13,900            | 0.14                      |
| 3.      | Banks                               | 7,629               | 0.00                      |
| 4.      | Bodies Corporates                   | 34,65,810           | 2.23                      |
| 5.      | Clearing Members                    | 1,17,093            | 0.08                      |
| 6.      | Foreign Institutional Investors     | 600                 | 0.00                      |
| 7.      | Foreign Nationals                   | 3,814               | 0.00                      |
| 8.      | Foreign Portfolio - Corp            | 3,10,98,501         | 20.01                     |
| 9.      | HUF                                 | 17,94,755           | 1.15                      |
| 10.     | IEPF                                | 25,29,239           | 1.64                      |
| 11.     | Insurance Companies                 | 575                 | 0.00                      |
| 12.     | Mutual Funds                        | 59,03,538           | 3.80                      |
| 13.     | NBFC                                | 2,283               | 0.00                      |
| 14.     | Non-Resident Indian Non Repatriable | 7,17,216            | 0.46                      |

## 47<sup>th</sup> Annual Report 2022 – 2023

### CORPORATE GOVERNANCE

|     |                               |                     |               |
|-----|-------------------------------|---------------------|---------------|
| 15. | Non-Resident Indians          | 26,08,402           | 1.68          |
| 16. | Overseas Corporate Bodies     | 700                 | 0.00          |
| 17. | Qualified Institutional Buyer | 16,04,383           | 1.03          |
| 18. | Resident Individuals          | 4,12,52,860         | 26.54         |
| 19. | Trusts                        | 90,772              | 0.06          |
|     | <b>Total</b>                  | <b>15,54,18,783</b> | <b>100.00</b> |

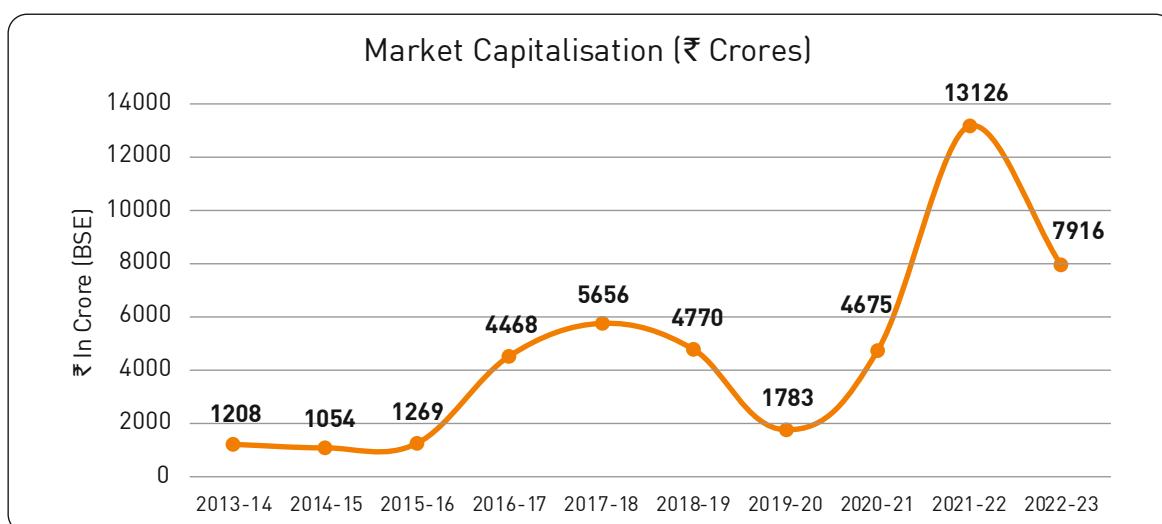
#### Dematerialization of Shares:

As on 31<sup>st</sup> March, 2023, 96.34% of the shares were held in dematerialized mode and remaining shares in physical mode. As notified by the SEBI, the equity shares of the Company are permitted to be traded only in dematerialized mode.

| Particulars             | No. of Holders  | No. of Shares       | %             |
|-------------------------|-----------------|---------------------|---------------|
| <b>Physical Segment</b> | 70,446          | 56,77,695           | 3.65          |
| <b>Demat Segment</b>    |                 |                     |               |
| NSDL (A)                | 94,254          | 9,67,23,417         | 62.23         |
| CDSL (B)                | 1,17,743        | 5,30,17,671         | 34.11         |
| Total (A+B)             | 2,11,997        | 14,97,41,088        | 96.34         |
| <b>TOTAL</b>            | <b>2,82,443</b> | <b>15,54,18,783</b> | <b>100.00</b> |

#### Market Capitalization:

The Market Capitalization of the Company based on year-end closing prices quoted in the BSE Limited:



#### Non-resident Shareholders:

The non-resident Shareholders are requested to notify the followings to the Company/ Company's RTA - Kfin Tech in respect of shares held in physical mode and to their Depository Participants (DPs) in respect of shares held in dematerialized mode:

- Indian address for sending all communications, if not provided so far;

- Change in their residential status on return to India for permanent settlement;
- Particulars of Bank Account maintained with a Bank in India, if not furnished earlier;
- RBI permission reference number with date to facilitate credit of dividend in their bank account.

**Shares held in “Unclaimed Suspense Account”:**

Statement showing the details of delivery of unclaimed shares given to Shareholders during the period from 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023 as per Clause 39(4) of the SEBI (Listing Regulations) and also aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31-03-2023:

| Particulars   | No. of Shareholders   | No. of Shares |
|---|---|---------------|
| (i) Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year. | 395   | 16,045        |
| (ii) Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year.    | 2   | 66            |
| (iii) Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year.                     | 2   | 66            |
| (iv) No. of Shares liable to be transferred to IEPF Authority Demat A/C as per IEPF Authority Rules                                   |   |               |
|   | Company did not pay any dividend for any dividend for the FY 2014-15, thus there was no Unpaid/ Unclaimed Dividend and no shares were liable to be transferred to IEPF during the FY 2022-23. |               |
| (v) Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.       | 393   | 15,979        |

**Notes:**

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

**Outstanding GDRs:**

The Company has delisted Global Depository Receipts (GDRs) from Luxembourg Stock Exchange, Luxembourg and terminated the Depository Agreement with the BNY Mellon. As on 31<sup>st</sup> March, 2023, No GDRs were outstanding.

**Plant Locations :**

All the manufacturing Plants of the Company are located at the Registered Office situated at P.O.: Narmadanagar - 392 015, Dist.: Bharuch. The Company has set up a 50,000 MTPA, TDI-II Plant at P.O.: Dahej – 392 130, Taluka - Vagra, Dist.: Bharuch.

Activities in the area of Information Technology (IT) are being carried out at the Registered Office as also at GNFC Infotower, 3<sup>rd</sup> Floor, Bodakdev, Gandhinagar-Sarkhej Highway, Ahmedabad - 380 054 and at GIFT City, 14<sup>th</sup> Floor, GIFT One Road, 5-C Zone-5, Gandhinagar – 382 355.

## 47<sup>th</sup> Annual Report 2022 – 2023

### CORPORATE GOVERNANCE

#### Address for Correspondence:

All correspondence relating to the Company's Shares should be forwarded to:

#### Registrar & Share Transfer Agent (RTA) of the Company:

KFin Technologies Limited  
Unit: Gujarat Narmada Valley Fertilizers & Chemicals Ltd.  
Selenium Tower B, Plot 31-32, Gachibowli, Financial District,  
Nanakramguda, Hyderabad - 500 032.

#### Investor Service Centre:

Secretarial & Legal Department;  
Gujarat Narmada Valley Fertilizers & Chemicals Ltd.  
'Narmada House', Corporate Office,  
P.O.: Narmadanagar - 392 015, Dist.: Bharuch.  
Phone: 02642 247002 (Extn: 2208), 02642-202227/202282/  
Telefax: 02642 - 247084, E-mail: investor@gnfc.in

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

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

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

In accordance with the SEBI, Listing Regulations, I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with their respective Code of Conduct as adopted by the Board of Directors of the Company, for the Financial Year ended 31<sup>st</sup> March, 2023.

Place: Gandhinagar  
Date: 18<sup>th</sup> May, 2023

Sd/-  
**PANKAJ JOSHI, IAS**  
MANAGING DIRECTOR  
DIN: 01532892



**Corporate Governance Compliance Certificate**

**For the Financial Year ended March 31, 2023**

**[pursuant to Schedule V – Part E of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015]**

**The Members**

**Gujarat Narmada Valley Fertilizers & Chemicals Limited**

We have examined the compliance of the conditions of Corporate Governance by **Gujarat Narmada Valley Fertilizers & Chemicals Limited** (“Company”) for the Financial Year ended March 31, 2023 (“period under review”), 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 period under review, no such 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.

**Suresh Kumar Kabra**  
Partner

**Samdani Shah & Kabra**  
Company Secretaries  
ACS No. 9711; CP No. 9927  
**UDIN: A009711E000321759**  
Peer Review Certificate No. 1079/2021

Place: Vadodara

Date: 18<sup>th</sup> May, 2023

### CERTIFICATE ON NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V - Para C - Clause 10 (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

We have examined the Registers, Papers, Books, Records, Forms, Returns, Declarations, Disclosures and other related documents of Gujarat Narmada Valley Fertilizers & Chemicals Limited ("Company"), having CIN: L24110GJ1976PLC002903, situated at P.O.: Narmadanagar Dist.: Bharuch- 392015, Gujarat, India as produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V – Para - C Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company, its officers and representatives, we hereby certify that none of the Directors on the Board of the Company, as stated below for the Financial Year ended as on March 31, 2023, have been debarred or disqualified from being appointed or continuing as Director of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| Sr. No. | Name of the Director                            | Category                             | DIN      | Initial Date of Appointment | Date of Reappointment/Regularization |
|---------|---|--------------------------------------|----------|-----------------------------|--------------------------------------|
| 1.      | Shri Pankaj Kumar, IAS <sup>1</sup>             | Non-Executive - Nominee Director     | 00267528 | 07-09-2021                  | -                                    |
| 2.      | Shri Vipul Mittra, IAS <sup>2</sup><br>Chairman | Non-Executive - Non-Independent      | 03108280 | 31-01-2023                  | 15-04-2023                           |
| 3.      | Shri Mukesh Puri, IAS                           | Non-Executive - Non-Independent      | 03582870 | 07-01-2021                  | 23-09-2021                           |
| 4.      | Smt. Mamta Verma, IAS                           | Non-Executive - Non-Independent      | 01854315 | 05-10-2015                  | 27-09-2022                           |
| 5.      | Shri J P Gupta, IAS                             | Non-Executive - Non-Independent      | 01952821 | 20-12-2021                  | 27-09-2022                           |
| 6.      | Smt. Gauri Kumar, IAS (Retd.)                   | Non-Executive - Independent          | 01585999 | 30-03-2020                  | 29-09-2020                           |
| 7.      | Prof. Ranjan Kumar Ghosh                        | Non-Executive - Independent          | 08551618 | 29-10-2020                  | 23-09-2021                           |
| 8.      | Shri Bhadresh Mehta                             | Non-Executive - Independent          | 02625115 | 29-12-2021                  | 27-09-2022                           |
| 9.      | Dr. N. Ravichandran                             | Non-Executive - Independent          | 02065298 | 29-12-2021                  | 27-09-2022                           |
| 10.     | Prof. Piyushkumar Sinha                         | Non-Executive - Independent          | 00484132 | 08-03-2022                  | 21-05-2022                           |
| 11.     | Shri Pankaj Joshi, IAS<br>Managing Director     | Promoter, Executive, Non-Independent | 01532892 | 16-07-2020                  | 29-09-2020                           |

#### Notes:

1. Ceased to be a Director w.e.f. 31.01.2023.
2. Appointed as a Nominee Director w.e.f. 31.01.2023

## CORPORATE GOVERNANCE

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Suresh Kumar Kabra**  
Partner

**Samdani Shah & Kabra**  
Company Secretary  
ACS No.9711 CP No. 9927  
**UDIN: A009711E000321814**  
Peer Review Certificate No. 1079/2021

Place: Vadodara  
Date: 18<sup>th</sup> May, 2023

STANDALONE

# INDEPENDENT AUDITORS' REPORT

To  
The Members of  
Gujarat Narmada Valley Fertilizers & Chemicals Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of **Gujarat Narmada Valley Fertilizers & Chemicals Limited** (the "Company"), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss, including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the 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, as amended (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standard prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules 2015 as amended ("Ind AS") and the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as 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 standalone 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 together with the ethical requirements that are relevant to our audit of the 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 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.

### Emphasis of Matter

We draw attention to note 43(B) to the standalone financial statements regarding a matter relating to demand of ₹21,370 crores (including interest and penalty computed till November 30, 2021) on the Company by Department of Telecommunications (DoT) towards Very Small Aperture Terminal ('VSAT') and Internet Service Provider ('ISP') Licenses fee relating to earlier years. Based on the legal assessment in consultation with Senior Advocates of the said demand, the Company is of the view that no provision is required to be made at this point of time in respect of above matter.

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

### 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 for the financial year ended 31 March 2023. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

| <b>Key audit matters</b>  | <b>How our audit addressed the key audit matter</b>   |
|---|---|
| <p><b>Recognition and measurement of Urea Subsidy Income</b></p> <p>The Urea Subsidy Income is recognized and measured by the Company in accordance with notification/ circular/ policies issued by the Department of Fertilizers, Government of India.</p> <p>During the year ended March 31, 2023, the Company has recognized Urea Subsidy Income of ₹ 2,557.44 crores and has outstanding Urea subsidy receivables of ₹ 113.33 crores.</p> <p>The measurement of Urea Subsidy Income involves application of relevant regulatory pronouncements and notifications, understanding of applicable energy norms, and management estimates / judgements including in respect of escalation / de-escalation in the price of the inputs, etc. for the year. The recognised subsidy income may deviate on account of revision / changes in such interpretation, estimates and judgements, arising from notification by the Department of Fertilizers.</p> <p>Accordingly, recognition and measurement of subsidy income is determined to be a key audit matter for our audit of standalone financial statements.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We assessed the Company's revenue recognition policy for Urea Subsidy Income.</li> <li>• We understood, evaluated and tested, on a sample basis, the design and operating effectiveness of key internal controls over recognition and measurement of Urea Subsidy Income.</li> <li>• We reviewed the relevant regulatory pronouncement in respect of Urea Subsidy Income and verified, on a sample basis, the claims filed by the Company along-with underlying accounting evidence in respect of such income.</li> <li>• We tested calculations for Urea Subsidy Income and reviewed estimates for escalation / de-escalation by comparing with actual production cost relevant for measurement of subsidy amount.</li> <li>• We reviewed follow-ups made by the Company with the Department of Fertilizers, Government of India and management assessment of recoverability of aged balances.</li> <li>• We tested the collections made during the year as well as subsequent period against such subsidy income recognized by the Company.</li> <li>• We assessed the appropriateness of disclosures in the Standalone financial statements in respect of Urea Subsidy Income.</li> </ul> |
| <p><b>Valuation of Inventories, including Stores and Spares</b></p> <p>The Company has total inventory of ₹ 1,123.21 crores which comprises of raw material inventory ₹ 388.97 crores, work-in-progress inventory ₹ 38.32 crores, finished goods inventory ₹ 177.76 crores, trading inventory ₹ 2.78 crores and stores and spares inventory (including coal inventory of ₹ 95.33 crores) ₹ 515.38 crores (net of provision for excess inventory) as at March 31, 2023.</p> <p>The Company has created a provision of ₹ 24.52 crores against inventory of stores and spares based on evaluation of its usability including for aged items.</p> <p>Accordingly, appropriateness of the estimates used to identify the valuation of inventories, including stores and spares is determined to be a key audit matter for our audit of standalone financial statements.</p>  | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We reviewed the management policy for physical verification and the documents related to management's physical count procedure actually followed during the year.</li> <li>• We understood the management process for assessment of value in use/ net realisable value of various class of inventories and making provision for excess inventory.</li> <li>• We reviewed the management's judgement applied in estimating the value of excess inventory for stores &amp; spares, taking into consideration management assessment of the present and future condition of the inventory.</li> <li>• We performed substantive audit procedures that included review of working prepared by the management for valuation of inventories and observed that appropriate allocation of fixed cost and variable cost is done in respect of Finished Goods and Work in Progress which is in lines with prevailing accounting standards.</li> </ul>  |

## STANDALONE

|  |  |
|--|--|
|  | <ul style="list-style-type: none"> <li>We have performed Physical verification of inventories as at March 31, 2023. Our procedures did not identify any material exceptions.</li> </ul>  |
| <b>Evaluation of uncertain tax demand positions and other legal litigations</b>  |  |
| <p>The Company has material uncertain tax demand positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes and significant open legal proceedings under arbitration and courts for various matters with its contractors / vendors and in Government departments, continuing from earlier years which are part of Contingent Liability.</p> <p>Due to complexity involved in these litigation matters, management's judgement regarding recognition and measurement of provisions for these legal proceedings is inherently uncertain and might change over time as the outcomes of the legal cases are determined.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>We have obtained details of completed tax assessments and demands as at 31 March 2023 from the management.</li> <li>We have inquired with the management, including in-house legal experts.</li> <li>We have reviewed the minutes of the meetings and those charged with governance, and correspondence between the Company and the external legal experts and other evidence to corroborate management assessment in respect of disputed tax matters.</li> <li>We have assessed the management's position through discussions with the in-house legal expert and external legal opinions obtained by the Company (where considered necessary) on both, the probability of success in the aforesaid cases, and the magnitude of any potential loss.</li> <li>We have discussed with the management on the development in the litigations during the year ended 31 March 2023 and provision for contingencies of ₹ 53.27 crores made during the Financial Year 2022-2023.</li> </ul> |

### Information Other than the Standalone 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 Annual report (i.e. Directors' Report, Corporate Governance and Management Discussion and Analysis), but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 (Revised) 'The Auditor's responsibilities Relating to Other Information'.

### Responsibilities of Management for the Standalone Financial Statements

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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended including the Companies (Indian Accounting Standards) Amendment Rules, 2020. This responsibility also includes maintenance of adequate accounting records in accordance with the

provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

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

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the standalone 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 with reference to these financial statements 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 standalone financial statements, including the disclosures, and whether the standalone 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 standalone 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 standalone financial statements.

### STANDALONE

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2023 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, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order 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 the Statement of Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash flows 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 Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with 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 remuneration paid/provided by the Company to its directors including sitting fees paid to directors, during the year is in accordance with the provisions of section 197 read with Schedule V to 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 standalone financial statements – Refer Note 36(A) to the standalone financial statements;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 21 to the standalone financial statements;



- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
- (b) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

**For Suresh Surana & Associates LLP**  
Chartered Accountants  
Firm's Reg. No. 121750W/W-100010

**Ramesh Gupta**  
Partner

Membership No.: 102306  
UDIN: 23102306BGWKUN5359

Place: Mumbai  
Dated: 18 May 2023

## 47<sup>th</sup> Annual Report 2022 – 2023

### STANDALONE

#### ANNEXURE '1' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date)

- (i) In respect of the Company's Property, Plant and Equipment and Intangible Assets, :
- (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of its Property, Plant and Equipment and relevant details of Right of Use Assets.
- (B) The Company has maintained proper records showing full particulars of its Intangible assets.
- (b) The Company has a regular program of physical verification of Property, Plant and Equipment in a phased manner so as to cover all the assets once every three years which, in our opinion, is reasonable having regard to size of the Company and nature of its assets. Pursuant to the program, a portion of the Property, Plant and Equipment have been physically verified by the management during the year. The discrepancies noticed on physical verification of Property, Plant and Equipment were not material and the same have been properly dealt with in the books of account.
- (c) According to the information and explanations given to us by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company. In respect of immovable properties of land that have been taken on lease and disclosed as right of use asset (Note 39) in the financial statements, the lease agreement for two parcels of the leasehold land are yet to be entered in the name of the Company, although the Company is the lessee as per the arrangement as mentioned below: **(₹ Crores)**

| Description of property | Gross carrying value | Held in name of | Whether promoter, director or their relative or employee | Period held - indicate range, where appropriate | Reason for not being held in the name of the Company*  |
|-------------------------|----------------------|-----------------|--|---|--|
| Land leasehold          | 43.05                | GIDC, Bharuch   | No   | September 4, 2012                               | The lease deed for plots allotted are not executed in favour of Company because some of the portion of the lands are Gaucher and Government Land are falling in the plot allotted to the Company and lease will be executed after allotment of Gaucher and Government Land to GNFC.<br>*not in dispute |

- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use Assets) and Intangible assets during the year.
- (e) According to information and explanations given to us, no proceedings have been initiated or are pending against the Company as of March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) In respect of the Inventories, according to the information and explanations given to us and on the basis of our examination of the records of the Company:
- (a) Physical verification of inventory (i.e stores and spares including capital stores) has been conducted by the management at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. In

our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification of stock as compared to book records were not material and the same have been properly dealt with in the books of account.

- (b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from a bank on the basis of security of current assets. According to information and explanations given to us and the records examined by us, the quarterly returns, filed by the Company during the year with such bank are in agreement with books of account, except as under.

(₹ Crores)

| Quarter ended | Nature of current Assets / Liabilities where differences were observed | Amount disclosed as per quarterly return / statement | Amount as per books of accounts | Amount of Difference | Reasons for material difference |
|---------------|--|--|---------------------------------|----------------------|---------------------------------|
| Q1            | Trade receivables  | 832.60   | 846.03                          | (13.43)              | Note – 1                        |
|               | Advances to suppliers  | 57.68  | 56.04                           | 1.64                 | Note – 2                        |
|               | Trade payable  | 298.15   | 325.85                          | (27.70)              | Note – 3                        |
| Q2            | Advances to suppliers  | 61.65  | 85.00                           | (23.35)              | Note – 2&4                      |
|               | Trade payable  | 687.06   | 774.27                          | (87.21)              | Note – 5                        |
| Q3            | Inventory - raw material   | 348.58   | 345.55                          | 3.03                 | Note – 6                        |
|               | Inventory - stores & spares  | 666.44   | 682.24                          | (15.80)              | Note – 7                        |
|               | Inventory - finished goods   | 164.38   | 165.24                          | (0.86)               | Note – 8                        |
|               | Advances to suppliers  | 58.01  | 77.31                           | (19.30)              | Note – 2&4                      |
|               | Trade payable  | 645.12   | 694.28                          | (49.16)              | Note – 5                        |
| Q4            | Trade receivables  | 408.63   | 367.44                          | 41.19                | Note – 1                        |
|               | Advances to suppliers  | 71.07  | 75.86                           | (4.79)               | Note – 2&5                      |
|               | Trade payable  | 525.27   | 577.71                          | (52.44)              | Note – 5                        |

**Notes:**

- 1) Revision in subsidy receivable as a subsequent event, on receipt of actual data after submission of stock statement to bank.
  - 2) The amount disclosed as per quarterly returns / statements reconciles with gross book balance without adjustment of provision.
  - 3) Accrued expenses / reclassification adjustments and revision in Gas pool liability after submission of stock statement not considered in returns / statements submitted to bank.
  - 4) Provision amount wrongly deducted twice in stock statement.
  - 5) Accrued expenses / reclassification adjustments not considered in returns / statements submitted to bank.
  - 6) Reclassification adjustments not considered in returns / statements submitted to bank.
  - 7) Reclassification adjustments and correction in catalyst consumption after submission of stock statement.
  - 8) Inventory valuation impact was recognised subsequent to submission of return / statement to bank, hence not considered in returns / statements submitted to bank.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided guarantees, security or granted advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments,

### STANDALONE

granted loans to companies and other parties in respect of which the requisite information is provided in clause (a) to (f) as below to the extent applicable. The Company has not made any investments in or provided any guarantee or security to firms or limited liability partnership.

- (a) Based on the audit procedures carried out by us and as per the information and explanations given to us, the Company has provided loans as below:

| (₹ Crores)  |        |
|---|--------|
| Particulars   | Loans  |
| <b>Aggregate amount of loan given during the year</b> |        |
| - Other than the related parties                      |        |
| Employees   | 33.93  |
| Company   | 725.00 |
| <b>Balance outstanding as at balance sheet date</b>   |        |
| - Other than the related parties                      |        |
| Employees   | 183.89 |
| Company   | 800.00 |

- (b) According to the information and explanations given to us and based on the audit procedures carried out by us, in our opinion the investments made during the year and the terms and conditions of the grant of loans provided during the year are prima facie, not prejudicial to the interest of the Company. The Company has not provided any guarantee during the year.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion, the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to information and explanations given to us, the Company has not granted any loan, or made investment in or provided any guarantee or security to the parties covered under Section 185 and 186 of the Act during the year. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Act and the rules made thereunder. Accordingly, reporting under clause 3(v) of the Order are not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of fertilizer and industrial products and for the services provided by the Company. In our opinion prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) In respect of statutory dues :

- (a) According to the information and explanations given to us, the Company has been regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, duty of customs, cess and any other statutory dues as applicable to the appropriate authorities. There are no undisputed amounts payable in respect of aforesaid statutory dues, which were outstanding as on the last day of the financial year for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the dues of income-tax, sales-tax, duty of excise, value added tax and cess as at 31 March, 2023 which have not been deposited on account of any dispute are as follows:

| Name of Statute   | Nature of dues                    | Forum where dispute is pending                             | Period to which the amount related | Amount involved (₹ Crores) | Amount Unpaid* (₹ Crores) |
|---|-----------------------------------|--|------------------------------------|----------------------------|---------------------------|
| Central Excise Act, 1944                                      | Excise Duty                       | Principal Commissioner, Custom House, Kandla               | FY 2015-16                         | 0.05                       | 0.05                      |
|   |                                   | Commissioner Appeals, Baroda                               | FY 2009-13                         | 136.97                     | 136.97                    |
| Central Sales Tax Act, 1994/Gujarat Value Added Tax Act, 2004 | Value Added Tax/Central Sales tax | Commercial Tax Department, Government of Madhya Pradesh    | FY 2015-16                         | 0.01                       | 0.01                      |
| Customs Act, 1962   | Custom Duty                       | Office of the Principal Commissioner of customs, Ahmedabad | FY 2017-18 to 2020-21              | 64.12                      | 64.12                     |
| The Income Tax Act, 1961                                      | Income Tax                        | Commissioner of Income-tax (Appeals)                       | AY 2008-09                         | 1.07                       | 1.07                      |
|   |                                   |  | AY 2015-16                         | 0.14                       | 0.14                      |
|   |                                   |  | AY 2016-17                         | 0.11                       | 0.11                      |
|   |                                   |  | AY 2017-18                         | 19.86                      | 19.86                     |
|   |                                   | Joint Commissioner of Income tax                           | AY 2018-19                         | 84.69                      | 84.69                     |
|   |                                   | High Court   | AY 2021-22                         | 0.61                       | 0.61                      |
|   |                                   | Supreme Court  | AY 2009-10                         | 2.18                       | 2.18                      |
|   |                                   |  | AY 2010-11                         | 3.77                       | 3.77                      |
|   |                                   |  | AY 2011-12                         | 3.99                       | 3.99                      |

\* Net of amount paid under protest

(viii) According to the information and explanations given to us, there were no unrecorded transactions that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

### STANDALONE

- (ix) (a) According to information and explanations given to us, the Company has not defaulted in repayment of dues to any lender. Accordingly, reporting under clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to information and explanations given to us, the Company has not been declared willful defaulter by any bank or financial institution or other lender. Accordingly, reporting under clause 3(ix)(b) of the Order is not applicable to the Company.
- (c) According to information and explanations given to us, the Company has not obtained any term loan. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.
- (d) According to information and explanations given to us, and on the basis of our examination of the records of the Company, funds raised on short term basis have, prima facie, not been utilised for long term purposes by the Company. Accordingly, reporting under clause 3(ix)(d) of the Order is not applicable to the Company.
- (e) According to information and explanations given to us, the Company did not have any subsidiary or joint venture during the year. Further, the Company has not taken any funds to meet the obligations of its associate Company. Accordingly, reporting under clause 3(ix)(e) of the Order is not applicable to the Company.
- (f) According to information and explanations given to us, the Company did not have any subsidiary or joint venture during the year. Further, the Company has not raised any loans on the pledge of securities held in its associate Company. Accordingly, reporting under clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) According to the information and explanations given to us, the Company has not raised moneys by way of public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud by the Company or on the Company has been noticed or reported during the year.
- (b) According to information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules 2014 with the Central Government, during the year and up to the date of this report.
- (c) The Company is having whistle blower mechanism and as per the information provided to us, no whistle blower complaints received by the Company during the year (and upto the date of this report), while determining the nature, timing and extent of our audit procedures.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us, in our opinion, transactions with related parties are in compliance with Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) According to the information and explanations given to us, in our opinion and based on our examination, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports for the year under audit and covering the period up to March 31, 2023.

- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) In respect of the Reserve Bank of India Act, 1934:
- (a) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable to the Company.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly, reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) According to the information and explanations given to us, the Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent amounts towards Corporate Social Responsibility (CSR) requiring a transfer to a Fund specified in Schedule VII to the Companies Act or Special Account in compliance with provision of sub-section (6) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year to the Company.

**For Suresh Surana & Associates LLP**  
Chartered Accountants  
Firm's Reg. No. 121750W/W-100010

**Ramesh Gupta**  
Partner

Membership No.: 102306  
UDIN: 23102306BGWKUN5359

Place: Mumbai  
Date: 18 May 2023

## 47<sup>th</sup> Annual Report 2022 – 2023

### STANDALONE

#### ANNEXURE '2' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under the heading '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")**

We have audited the internal financial controls over financial reporting of **Gujarat Narmada Valley Fertilizers & Chemicals Limited** (the "Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Companies Act, 2013, as amended, to the extent applicable to an audit of internal financial controls and issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial controls 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 controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions



and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

**For Suresh Surana & Associates LLP**

Chartered Accountants

Firm's Reg. No. 121750W/W-100010

**Ramesh Gupta**

Partner

Membership No.: 102306

UDIN: 23102306BGWKUN5359

Place: Mumbai

Date: 18 May 2023

# 47<sup>th</sup> Annual Report 2022 – 2023

## STANDALONE

### STANDALONE BALANCE SHEET AS AT MARCH 31, 2023

(₹ Crores)

| Particulars  | Notes | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------|-------------------------|-------------------------|
| <b>ASSETS</b>  |       |                         |                         |
| <b>I. Non-current assets</b>   |       |                         |                         |
| (a) Property, plant and equipment  | 4     | 3,108.53                | 3,539.37                |
| (b) Capital work-in-progress   | 5     | 187.01                  | 137.72                  |
| (c) Investment property  | 6     | 37.78                   | 17.28                   |
| (d) Right of use asset   | 39    | 216.51                  | 1.63                    |
| (e) Intangible assets  | 7     | 18.53                   | 19.96                   |
| (f) Financial assets   |       |                         |                         |
| (i) Investments  | 8     | 2,785.42                | 1,156.95                |
| (ii) Loans and advances  | 9     | 115.15                  | 660.93                  |
| (iii) Other financial assets   | 10    | 97.55                   | 114.12                  |
| (g) Income tax assets (net)  | 26    | 61.35                   | 9.77                    |
| (h) Other non-current assets   | 12    | 98.23                   | 91.10                   |
|  |       | <b>6,726.06</b>         | <b>5,748.83</b>         |
| <b>II. Current assets</b>  |       |                         |                         |
| (a) Inventories  | 13    | 1,123.21                | 976.97                  |
| (b) Financial assets   |       |                         |                         |
| (i) Investments  | 8     | 321.02                  | 64.81                   |
| (ii) Trade receivables   | 11    | 367.44                  | 625.10                  |
| (iii) Cash and cash equivalents  | 14    | 56.20                   | 72.71                   |
| (iv) Other bank balances   | 15    | 1,937.71                | 1,109.23                |
| (v) Loans and advances   | 9     | 815.93                  | 1,867.15                |
| (vi) Other financial assets  | 10    | 133.13                  | 68.09                   |
| (c) Other current assets   | 16    | 116.08                  | 110.31                  |
|  |       | <b>4,870.72</b>         | <b>4,894.37</b>         |
| <b>Total Assets</b>  |       | <b>11,596.78</b>        | <b>10,643.20</b>        |
| <b>EQUITY AND LIABILITIES</b>  |       |                         |                         |
| <b>Equity</b>  |       |                         |                         |
| (a) Equity share capital   | 17    | 155.42                  | 155.42                  |
| (b) Other equity   | 18    | 8,850.94                | 7,743.42                |
|  |       | <b>9,006.36</b>         | <b>7,898.84</b>         |
| <b>Liabilities</b>   |       |                         |                         |
| <b>I. Non-current liabilities</b>  |       |                         |                         |
| (a) Financial liabilities  |       |                         |                         |
| (i) Lease liabilities  | 39    | 1.15                    | 0.97                    |
| (ii) Other financial liabilities   | 20    | 5.00                    | 5.12                    |
| (b) Provisions   | 22    | 371.61                  | 310.24                  |
| (c) Deferred tax liabilities (net)   | 26    | 343.90                  | 422.25                  |
| (d) Government grants (deferred income)  | 23    | 637.86                  | 637.79                  |
|  |       | <b>1,298.52</b>         | <b>1,376.37</b>         |
| <b>II. Current liabilities</b>   |       |                         |                         |
| (a) Financial liabilities  |       |                         |                         |
| (i) Borrowings   | 19    | 0.01                    | 0.07                    |
| (ii) Lease liabilities   | 39    | 0.82                    | 0.73                    |
| (iii) Trade payables:  | 20    |                         |                         |
| (A) total outstanding dues of micro and small enterprises                      |       | 45.86                   | 28.14                   |
| (B) total outstanding dues of creditors other than micro and small enterprises |       | 531.85                  | 619.64                  |
| (iv) Other financial liabilities   | 21    | 336.88                  | 416.83                  |
| (b) Other current liabilities  | 24    | 110.43                  | 161.56                  |
| (c) Provisions   | 25    | 199.86                  | 38.03                   |
| (d) Government grants (deferred income)  | 23    | 66.15                   | 66.89                   |
| (e) Current tax liabilities (net)  | 26    | 0.04                    | 36.10                   |
|  |       | <b>1,291.90</b>         | <b>1,367.99</b>         |
| <b>Total Equity and Liabilities</b>  |       | <b>11,596.78</b>        | <b>10,643.20</b>        |

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

For and on behalf of the Board of Directors,

**D. V. Parikh**  
Executive Director & CFO

**A. C. Shah**  
Company Secretary

**Pankaj Joshi, IAS**  
Managing Director  
DIN-01532892

**Vipul Mittra, IAS**  
Chairman  
DIN-03108280  
As per our report of even date  
For **Suresh Surana & Associates LLP**  
Chartered Accountants  
(Firm Registration No.: 121750W/W-100010)

Place : Gandhinagar  
Date : 18 May 2023

Place : Mumbai  
Date : 18 May 2023

**Ramesh Gupta**  
Partner  
Membership No. 102306

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023**
**(₹ Crores)**

| Particulars  | Notes          | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|----------------|------------------------------|------------------------------|
| <b>Income</b>  |                |                              |                              |
| Revenue from operations  | 27             | <b>10,226.93</b>             | 8,642.29                     |
| Other income   | 28             | <b>361.23</b>                | 209.42                       |
| <b>Total</b>   |                | <b>10,588.16</b>             | 8,851.71                     |
| <b>Expenses</b>  |                |                              |                              |
| Cost of raw materials consumed   | 29             | <b>4,994.18</b>              | 3,899.09                     |
| Purchase of traded goods   |                | <b>60.69</b>                 | 38.80                        |
| Purchase of goods and services - IT division   |                | <b>19.27</b>                 | 26.47                        |
| Decrease / (Increase) in inventories of finished goods, work-in-progress and traded goods                        | 30             | <b>(85.42)</b>               | 18.83                        |
| Power, fuel and other utilities  |                | <b>1,994.45</b>              | 1,116.59                     |
| Employee benefits expense  | 31             | <b>605.62</b>                | 467.93                       |
| Finance costs  | 32             | <b>5.26</b>                  | 3.46                         |
| Depreciation and amortisation  | 33             | <b>302.94</b>                | 291.69                       |
| Other expenses   | 34             | <b>759.62</b>                | 690.80                       |
| <b>Total</b>   |                | <b>8,656.61</b>              | 6,553.66                     |
| <b>Profit before tax</b>   |                | <b>1,931.55</b>              | 2,298.05                     |
| <b>Tax expense / (credit)</b>  |                |                              |                              |
| Current tax  |                | <b>541.29</b>                | 615.66                       |
| Excess tax provision write back of earlier years   |                | <b>(21.00)</b>               | 2.14                         |
| Deferred tax (credit)  |                | <b>(52.72)</b>               | (23.50)                      |
| <b>Total tax expense / (credit)</b>  | 26             | <b>467.57</b>                | 594.30                       |
| <b>Profit for the year</b>   | <b>(A)</b>     | <b>1,463.98</b>              | 1,703.75                     |
| <b>Other comprehensive income / (expense)</b>  |                |                              |                              |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods:                       |                |                              |                              |
| Re-measurement (losses) / gain on defined benefit plans  |                | <b>(91.92)</b>               | 19.76                        |
| Income tax effect credit / (charge)  | 26             | <b>23.13</b>                 | (4.97)                       |
| Net (loss) / gain on FVTOCI equity investments   |                | <b>(157.88)</b>              | 375.81                       |
| Income tax effect credit / (charge)  | 26             | <b>25.63</b>                 | (54.84)                      |
| <b>Net other comprehensive income / (expense) not to be reclassified to profit or loss in subsequent periods</b> |                | <b>(201.04)</b>              | 335.76                       |
| <b>Total other comprehensive income / (expense) for the year, net of tax</b>                                     | <b>(B)</b>     | <b>(201.04)</b>              | 335.76                       |
| <b>Total comprehensive income for the year, net of tax</b>   | <b>(A)+(B)</b> | <b>1,262.94</b>              | 2,039.51                     |
| <b>Earnings per Share - (Face value of ₹ 10 each) Basic and Diluted (in ₹)</b>                                   | 35             | <b>94.20</b>                 | 109.62                       |

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

**D. V. Parikh**  
Executive Director & CFO

**A. C. Shah**  
Company Secretary

For and on behalf of the Board of Directors,

**Pankaj Joshi, IAS**  
Managing Director  
DIN-01532892

**Vipul Mitra, IAS**  
Chairman  
DIN-03108280  
As per our report of even date  
For **Suresh Surana & Associates LLP**  
Chartered Accountants  
(Firm Registration No.: 121750W/W-100010)

Place : Gandhinagar  
Date : 18 May 2023

Place : Mumbai  
Date : 18 May 2023

**Ramesh Gupta**  
Partner  
Membership No. 102306

# 47<sup>th</sup> Annual Report 2022 – 2023

## STANDALONE

### STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

| (A) Equity share capital                                   |      | (₹ Crores)    |  |
|--|------|---------------|--|
| Particulars  | Note | Amount        |  |
| <b>Balance as at April 01, 2021</b>                        |      | <b>155.42</b> |  |
| Changes in Equity Share Capital due to prior period errors | 17   | -             |  |
| <b>Restated balance at the April 01, 2021</b>              |      | <b>155.42</b> |  |
| Changes in equity share capital during the year            | 17   | -             |  |
| <b>Balance as at March 31, 2022</b>                        |      | <b>155.42</b> |  |
| Changes in Equity Share Capital due to prior period errors | 17   | -             |  |
| <b>Restated balance at the March 31, 2022</b>              |      | <b>155.42</b> |  |
| Changes in equity share capital during the year            | 17   | -             |  |
| <b>Balance as at March 31, 2023</b>                        |      | <b>155.42</b> |  |

| (B) Other equity                                |                     | (₹ Crores)         |                 |                   |  |                 |  |
|---|---------------------|--------------------|-----------------|-------------------|--|-----------------|--|
| Particulars                                     | Reserve and surplus |                    |                 |                   | Equity   | Total           |  |
|   | Capital reserve     | Securities premium | General reserve | Retained earnings | instruments at fair value through other comprehensive income |                 |  |
|   | Note 18.1           | Note 18.1          | Note 18.1       | Note 18.1         | Note 18.2  |                 |  |
| <b>Balance as at April 01, 2021</b>             | <b>0.64</b>         | <b>313.31</b>      | <b>2,479.76</b> | <b>2,481.19</b>   | <b>553.35</b>  | <b>5,828.25</b> |  |
| Profit for the year                             | -                   | -                  | -               | 1,703.75          | -  | 1,703.75        |  |
| Other comprehensive income for the year         | -                   | -                  | -               | 14.79             | 320.97   | 335.76          |  |
| Total comprehensive income for the year         | -                   | -                  | -               | 1,718.54          | 320.97   | 2,039.51        |  |
| Dividend paid during the year (refer Note 18.3) | -                   | -                  | -               | (124.34)          | -  | (124.34)        |  |
| <b>Balance as at March 31, 2022</b>             | <b>0.64</b>         | <b>313.31</b>      | <b>2,479.76</b> | <b>4,075.39</b>   | <b>874.32</b>  | <b>7,743.42</b> |  |
| Profit for the year                             | -                   | -                  | -               | 1,463.98          | -  | 1,463.98        |  |
| Other comprehensive income for the year         | -                   | -                  | -               | (68.79)           | (132.25)   | (201.04)        |  |
| Total comprehensive income for the year         | -                   | -                  | -               | 1,395.19          | (132.25)   | 1,262.94        |  |
| Dividend paid during the year (refer Note 18.3) | -                   | -                  | -               | (155.42)          | -  | (155.42)        |  |
| Transfer from retained earnings                 | -                   | -                  | 200.00          | (200.00)          | -  | -               |  |
| <b>Balance as at March 31, 2023</b>             | <b>0.64</b>         | <b>313.31</b>      | <b>2,679.76</b> | <b>5,115.16</b>   | <b>742.07</b>  | <b>8,850.94</b> |  |

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

**D. V. Parikh**  
Executive Director & CFO

**A. C. Shah**  
Company Secretary

For and on behalf of the Board of Directors,  
**Pankaj Joshi, IAS**  
Managing Director  
DIN-01532892

**Vipul Mittra, IAS**  
Chairman  
DIN-03108280

Place : Gandhinagar  
Date : 18 May 2023

As per our report of even date  
For **Suresh Surana & Associates LLP**  
Chartered Accountants  
(Firm Registration No.: 121750W/W-100010)

Place : Mumbai  
Date : 18 May 2023

**Ramesh Gupta**  
Partner  
Membership No. 102306

**STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023**
**(₹ Crores)**

| Particulars  | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| <b>Cash flow from operating activities</b>   |                              |                              |
| <b>Profit before tax as per statement of profit and loss</b>   | <b>1,931.55</b>              | 2,298.05                     |
| <b>Adjustments for:</b>  |                              |                              |
| Loss on sale / discard / write off of property, plant and equipment (net)  | <b>0.03</b>                  | 0.94                         |
| (Gain) on Lease modification/ termination  | <b>(0.01)</b>                | -                            |
| Loss / (gain) on sale of investments (net)   | <b>0.66</b>                  | (0.12)                       |
| Interim distribution towards investments   | <b>(7.37)</b>                | -                            |
| Depreciation and amortization  | <b>302.94</b>                | 291.69                       |
| Interest expense on employee loan fair valuation   | <b>2.10</b>                  | 1.78                         |
| Interest income  | <b>(233.47)</b>              | (119.17)                     |
| Dividend income  | <b>(10.11)</b>               | (4.85)                       |
| Amortization of grant income   | <b>(61.68)</b>               | (61.27)                      |
| Fair valuation loss on investments measured at FVTPL (net)   | <b>0.82</b>                  | (0.54)                       |
| Unclaimed liabilities / excess provision for doubtful debt written back  | <b>(22.08)</b>               | (6.00)                       |
| Unrealised foreign exchange fluctuation Loss / (gain)  | <b>(0.96)</b>                | 0.91                         |
| Finance costs  | <b>3.24</b>                  | 1.66                         |
| Premium on forward contracts   | <b>4.69</b>                  | 5.61                         |
| Provision / Write off for excess Inventory   | <b>5.28</b>                  | 13.12                        |
| Provision for contingencies  | <b>53.27</b>                 | 55.70                        |
| Advances / Bad debts written off   | <b>0.34</b>                  | 0.32                         |
| Provision for doubtful debts / advances (net)  | <b>5.36</b>                  | 7.20                         |
| <b>Operating profit before working capital changes</b>   | <b>1,974.60</b>              | 2,485.03                     |
| <b>Movements in working capital :</b>  |                              |                              |
| Decrease / (Increase) in trade receivables, including Subsidy  | <b>261.10</b>                | (117.75)                     |
| (Increase) in inventories  | <b>(151.52)</b>              | (176.74)                     |
| (Increase) / Decrease in financial assets  | <b>(13.18)</b>               | 3.06                         |
| (Increase) in loans and advances and other assets  | <b>(14.36)</b>               | (8.23)                       |
| Increase in provisions   | <b>78.01</b>                 | 17.19                        |
| (Decrease) / increase in trade payables and other liabilities  | <b>(106.41)</b>              | 283.11                       |
| (Decrease) / increase in financial liabilities   | <b>(69.94)</b>               | 108.83                       |
| <b>Cash generated from operations</b>  | <b>1,958.30</b>              | 2,594.50                     |
| Income taxes paid (net)  | <b>(585.22)</b>              | (627.84)                     |
| <b>Net cash flow generated from operating activities (A)</b>   | <b>1,373.08</b>              | 1,966.66                     |
| <b>Cash flows from investing activities</b>  |                              |                              |
| Payment for purchase of property, plant & equipment<br>(Including capital work In progress and capital advances) | <b>(172.74)</b>              | (137.77)                     |
| Proceeds from sale / concession received of property, plant and equipment  | <b>1.97</b>                  | 0.46                         |
| Purchase of investments (refer Note 8)   | <b>(2,080.67)</b>            | -                            |
| Proceeds from sale / maturity of investments / other advances  | <b>44.02</b>                 | 29.12                        |
| Decrease / (increase) in deposits with corporates (net)  | <b>1,600.00</b>              | (2,000.00)                   |
| (Increase) / Decrease in deposits / balances with banks (net)  | <b>(808.48)</b>              | 104.33                       |
| Interest received  | <b>176.36</b>                | 95.83                        |
| Dividend received  | <b>10.11</b>                 | 9.27                         |
| <b>Net cash flow (used in) investing activities (B)</b>  | <b>(1,229.43)</b>            | (1,898.76)                   |

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## STANDALONE

### STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

| Particulars  | (₹ Crores)                   |                              |
|--|------------------------------|------------------------------|
|  | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
| <b>Cash flows from financing activities</b>                    |                              |                              |
| Proceeds from short term borrowings                            | 13.19                        | 0.33                         |
| Repayment of short term borrowings                             | (13.19)                      | (0.33)                       |
| Interest paid  | (2.86)                       | (1.63)                       |
| Dividend paid  | (152.55)                     | (123.03)                     |
| Premium on forward contracts                                   | (4.69)                       | (5.61)                       |
| <b>Net cash flow (used in) from financing activities (C)</b>   | <b>(160.10)</b>              | <b>(130.27)</b>              |
| <b>Net (decrease) in cash and cash equivalents (A + B + C)</b> | <b>(16.45)</b>               | <b>(62.37)</b>               |
| Cash and cash equivalents at the beginning of the year         | 72.64                        | 135.01                       |
| <b>Cash and cash equivalents at the end of the year</b>        | <b>56.19</b>                 | <b>72.64</b>                 |
| <b>Notes:</b>  |                              |                              |
| Component of Cash and Cash equivalents                         |                              |                              |
| - Cash on hand   | 0.06                         | 0.07                         |
| - Debit balance in cash credit and overdraft accounts          | 21.47                        | 11.80                        |
| - Balances with bank in current accounts                       | 9.17                         | 12.86                        |
| - Deposit with original maturity of Less than three months     | 25.50                        | 47.98                        |
| <b>Total (refer Note 14)</b>                                   | <b>56.20</b>                 | <b>72.71</b>                 |
| Less: Cash credit and overdraft accounts (refer Note 19)       | 0.01                         | 0.07                         |
| <b>Total cash and cash equivalents</b>                         | <b>56.19</b>                 | <b>72.64</b>                 |

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

- The Cash flow statement has been prepared under the indirect method as set out in the "Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows" issued by the Institute of Chartered Accountants of India.
- Disclosure with regards to changes in liabilities arising from Financing activities as set out in Ind AS 7 – Statement of Cash flows is presented under Note-21(a).

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

**D. V. Parikh**  
Executive Director & CFO

**A. C. Shah**  
Company Secretary

**Pankaj Joshi, IAS**  
Managing Director  
DIN-01532892

**Vipul Mittra, IAS**  
Chairman  
DIN-03108280

Place : Gandhinagar  
Date : 18 May 2023

Place : Mumbai  
Date : 18 May 2023

As per our report of even date  
For **Suresh Surana & Associates LLP**  
Chartered Accountants  
(Firm Registration No.: 121750W/W-100010)

**Ramesh Gupta**  
Partner  
Membership No. 102306

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

### 1 Corporate information

The financial statements comprise financial statements of Gujarat Narmada Valley Fertilizers & Chemicals Limited ('the Company') for the year ended March 31, 2023. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is located at P.O: Narmadanagar-392 015, Dist.: Bharuch, Gujarat.

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

The financial statements were authorized for issue in accordance with a resolution of the Board of Directors on May 18, 2023.

### 2 Significant accounting policies

#### 2.1 Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

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

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

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

#### 2.2 Summary of significant accounting policies

##### a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle; or
- Held primarily for the purpose of trading; or
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle; or
- It is held primarily for the purpose of trading; or
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

### STANDALONE

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

##### **b) Foreign currency transactions**

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

##### **c) Transactions and balances**

Transactions in foreign currencies are initially recorded at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing on the balance sheet date and the resultant exchange gains or losses are recognised in the Statement of Profit and Loss.

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

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

##### **d) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

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

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

- Disclosures for valuation methods, significant estimates and assumptions (refer Note 50)
- Quantitative disclosures of fair value measurement hierarchy (refer Note 50.2)
- Investment in unquoted equity shares (refer Note 8)
- Investment properties (refer Note 6)
- Financial instruments (including those carried at amortized cost) (refer Note 50.1)

### e) Revenue from contracts with customers

Revenue from contracts with customers is recognised when the control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company derives its revenues from sale of goods such as fertilizers, industrial chemicals, government subsidies on sale of fertilizers and information technology related hardware / software services. The Company is generally the principal in its revenue arrangements because it controls goods or services before transferring them to the customer, except for the agency services where revenue is recognised on net basis.

The disclosure of significant accounting judgements, estimates and assumptions relating to revenue from contract with customers are provided in Note 3.

#### Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods except in certain cases where goods are sold under bill and hold arrangement.

The Company considers whether there are other promises in the contract (supply of information technology goods) that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. installation,

### STANDALONE

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

warranties etc.) based on materiality of such obligation. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration and consideration payable to the customer (if any).

Amount disclosed as revenue are net of trade discounts, rebates, incentives and goods & service tax (GST). The Company collects GST on behalf of the government and therefore, these are not economic benefits flowing to the Company. Hence, these are excluded from the revenue. The Company recognizes changes in the estimated amount of liability for discounts, rebates and incentives in the period in which the change occurs.

Installation, as applicable, is integral part of delivery of goods. The Company typically provides warranties for general repairs of defect that existed at the time of sale, as required by law. These assurance type warranties are accounted for under Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets unless it is fully realisable from the supplier.

#### **Bill-and-hold arrangement**

A bill-and-hold arrangement is a contract under which an entity bills a customer for a product but the entity retains physical possession of the product until it is transferred to the customer at a point in time in the future. The Company does not control the product. Instead, it provides custodial services to the customer over the customer's asset.

The Company recognizes the revenue under Bill-and-Hold arrangements only when it satisfies all of the below criteria along with the other criteria as specified under Ind AS 115 – revenue from contract with customers:

- There is a substantive reason for the bill-and-hold arrangement.
- The product is identified separately as belonging to the customer;
- The product currently is ready for physical transfer to the customer; and
- The Company do not have the ability to use the product or to direct it to another customer.

#### **Urea product subsidy**

Urea Subsidy under the New Urea Policy - 2015 is recognised as per concession rates notified by the Government of India (GoI) at the point in time when the quantity is transferred / delivered to customers. Urea Subsidy is further adjusted for input price escalation/ de-escalation as estimated by the Management based on the prescribed norms. The Company recognises the subsidy based on quantity sold.

#### **ANP product subsidy**

ANP Subsidy under Nutrient Based Subsidy (NBS) w.e.f. 01.04.2010 and amendments thereto is recognised as per the concession rates notified by the Government of India (GoI) at the point in time when the quantity is transferred / delivered to customers. The Company recognises the subsidy based on quantity sold.

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

Freight Subsidy is recognized for the quantity transferred / delivered to customers based on the notified rates approved by the GoI in case of Urea and on the normative notified rates approved by the GoI or the actual freight whichever is lower in case of ANP.

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

Income from services rendered by the Information Technology division (including operation and maintenance) is recognized as and when the services are transferred to the customer at an amount that reflect the consideration to which the Company expects to be entitled in exchange for those services.

#### **Interest income**

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

### **Dividends**

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend except for interim dividend which is recognised based on approval of the Board of Directors of investee company.

### **Insurance claims**

Claims receivable on account of insurance are accounted for to the extent no significant uncertainty exist for the measurement and realisation of the amount.

### **Government grants and export incentives**

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

### **Export incentive**

Export incentives under various schemes notified by government are accounted for in the year of exports based on the eligibility, reasonable accuracy and conditions precedent to claim are fulfilled.

## **f) Contract balances**

### **Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

### **Trade receivables (including subsidy receivables)**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section Q "Financial instruments – initial recognition and subsequent measurement".

### **Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

## **g) Taxes**

Tax expense comprises of current income tax and deferred tax.

### **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax is measured at the amount expected to be paid to the tax authorities in

### STANDALONE

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

accordance with the Income-Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

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

The Company has decided to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 from the financial year 2021-2022 under which domestic companies have the option to pay income tax at lower rate ("New tax rate") subject to the giving up of certain incentives and deductions. Accordingly, the provision for current tax for the financial year ended on March 31, 2023 and March 31, 2022 is measured at the New tax rate.

#### **Deferred tax**

Deferred tax is provided using the liability approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Deferred tax assets and liabilities are offset if and only if there is a legally enforceable right to offset corresponding current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company. Current tax assets and current tax liabilities are offset where the entity has a legally enforceable right to offset the recognized amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### h) **Property, plant and equipment (PPE)**

#### **Measurement at recognition**

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of PPE is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Such cost includes the cost of replacing part of the plant and equipment if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life.

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

#### **Capital Work in progress**

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as Other Non-Current Assets.

#### **Depreciation**

Depreciation on each part of an item of property, plant and equipment is provided using the Straight Line Method based on the useful life of the asset as prescribed under Part C of Schedule II of the Companies Act, 2013 or based on technical assessment by the Company taking into account the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, past history of replacements, manufacturers warranties and maintenance support, etc.

The useful lives for certain categories of property, plant & equipments are different from those prescribed under Part C of Schedule II of the Companies Act, 2013 based on management estimates. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be use. Category wise details are as under:

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### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

| Sr No | Category                                       | Useful life in years       |
|-------|--|----------------------------|
| 1     | Plant and equipment (including capital spares) | Ranging from 1 to 40 years |
| 2     | Furniture and Fixtures                         | Ranging from 2 to 20 years |
| 3     | Office equipments                              | Ranging from 1 to 13 years |
| 4     | Roads, culverts and compound wall              | Ranging from 3 to 30 years |
| 5     | Water supply and drainage system               | Ranging from 5 to 15 years |

The identified components of Property, Plant and Equipments are depreciated over their useful lives and the remaining components are depreciated over the life of principal assets.

Freehold land is not depreciated. Lease hold land is amortized over the lease term of 99 years.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate and adjusted prospectively, if appropriate.

#### De-recognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the De-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

#### i) Investment Properties

Investment properties are measured initially at original cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

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

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

#### j) Intangible assets

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

Intangible assets with infinite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a infinite useful life are reviewed at least at the end of each reporting period. Changes in the

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

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

| Sr No | Intangible Assets | Method of Amortization | Estimated Useful life                             |
|-------|-------------------|------------------------|---|
| 1     | Computer software | on straight line basis | Three years or validity period whichever is lower |
| 2     | Licenses          |                        | Over its useful life of 20 years                  |

**k) Borrowing costs**

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

**l) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 01, 2017, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**(i) Right-of-use Assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

| Sr No | Category  | Life          |
|-------|---|---------------|
| 1     | Land  | 8 to 30 years |
| 2     | Building (includes Godown / warehouses & office premises) | 3 to 5 years  |
| 3     | Vehicle   | 3 years       |

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#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (n) Impairment of non-financial assets.

#### (ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### (iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of building, machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### Company as a lessor

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

#### m) Inventories

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

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

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



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

All other inventories of stores and consumables (including coal) are valued at Moving Weighted Average Cost basis.

Stores and Spares includes equipment spare parts, catalyst and others which are held as inventory by the Company.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### n) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budget / forecast the Company extrapolates cash flow projection in the budget working a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case this growth rate does not exceed the long term average growth rate for the products, industry or the market in which the asset is used.

Impairment losses including impairment on inventories, are recognized in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss as an exceptional item.

Under Ind AS 116 para 33 right-of-use assets are subject to the impairment requirements of Ind AS 36 - Impairment of assets.

### o) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

##### p) Retirement and other employee benefits

Retirement benefit in the form of Provident Fund is a defined benefit contribution scheme. The Company has no obligation other than the contribution payable to the Provident Fund. The Company recognizes contribution payable to the Provident Fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability. Till the financial year 2019-20 end, the Company had separate recognized Provident Fund trusts for all the employees of the Company. The Company had an obligation to make good the shortfall, if any, between the return from the investments of the trusts and the interest rate notified by Government.

The employee's gratuity fund scheme and post-retirement medical benefit schemes are Company's defined benefit plans. The contributions under the plans are made to separately administered funds. The cost of providing benefits under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on the net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short term employee benefits. The Company measures the expected cost of such absence as the additional amount that is expected to pay as a result of the unused estimate that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months as long term compensated absences which are provided for based on actuarial valuation as at the end of the period. The actuarial valuation is done as per Projected Unit Credit Method.

##### q) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

###### Financial assets

###### Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in case of financial asset not recorded at fair value through profit and loss, transaction cost that are attributable to the acquisition of the financial assets.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (e) for Revenue from contracts with customers.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date. i.e. the date that the Company commits to purchase or sell the asset.

### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- (i) Financial assets measured at amortized cost (debt instrument)
- (ii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- (iii) Financial assets measured at fair value through profit or loss (FVTPL)

#### (i) Financial assets measured at amortized cost (debt instrument)

A 'financial asset' is measured at amortized cost if both the following conditions are met:

- (a) the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category generally applies to cash and bank balances, trade receivables, investments in unquoted equity shares of subsidiary entity and associate entity, investment in G-sec, loans & advances and other financial assets of the Company (Refer note 50 for further details).

This category is most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss except where the Company has given temporary waiver of interest not exceeding 12 months period.

#### (ii) Financial assets designated at fair value through OCI (equity instruments)

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes

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#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment / de-recognition of investment on restructuring by investee. However, the Company may transfer the cumulative gain or loss into retained earnings within equity. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

#### **(iii) Financial assets at fair value through profit or loss (FVTPL)**

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 recognised in the statement of profit and loss.

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has designated Loans to employees, investments in Government Securities, Debentures and State Development Loans and other advances. (Refer note 50 for further details).

#### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement~ and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On Derecognition of a financial asset, (except as mentioned in (ii) above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

#### **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 ;

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

- a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits and bank balances.
- b) Financial assets that are equity instruments and are measured at fair value through other comprehensive income (FVTOCI)
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables.

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Lifetime ECL are the expected credit losses resulting from all possible default over the expected life of a financial instrument.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ECL is the difference between all contracted cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / (expense) in the statement of profit and loss (P&L). This amount is reflected under the head "Other Expense / Other Income" in the P&L.

The balance sheet presentation for various financial instruments is described below:

### **Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables:**

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

### **Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

#### **Subsequent measurement**

For the purpose of subsequent measurement, financial liabilities are classified into two categories:

- (i) Financial liabilities measured at fair value through profit or loss
- (ii) Financial liabilities measured at amortised cost (loans and borrowings)

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

##### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risk are recognized in OCI. These gains / losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at FVTPL.

##### **Financial liabilities measured at amortised cost (loans and borrowings)**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

##### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

##### **Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

##### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

### r) Derivative financial instruments

#### Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value through profit or loss (FVTPL) on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivative financial instrument or on settlement of such derivative financial instruments are recognized in statement of profit and loss and are classified as Foreign Exchange (Gain) / Loss except those relating to borrowings, which are separately classified under Finance Cost.

### s) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Company's cash management.

### t) Cash dividend to equity holders of the Company

The Company recognizes a liability to pay dividend to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

### u) Earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 2.3 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

#### Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

#### Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and

### STANDALONE

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

deductible temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.

#### **Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

### **3 Significant accounting judgement, estimates and assumptions**

The preparation of the Company’s Ind AS Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### **Judgements**

In the process of applying the Companies accounting policies, management has made the following judgements which have the most significant effects on the amounts recognised in the financial statements.

#### **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 its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### **Taxes**

Deferred tax assets are recognized for unused tax credits to the extent that it is probable that taxable profit will be available against which the credits can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details on taxes are disclosed in Note 26.

#### **Defined benefit plans (gratuity benefits and other post-employment medical benefits)**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of these obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, medical cost escalations and mortality rates etc. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates and Company's obligation under Long Term Wage Settlement which is evaluated in block of four years. Medical cost escalations are based on expected future medical expenditure.

Further details about gratuity and post-employment medical benefits obligations are given in Note 41.

### **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note 50 for further disclosures.

### **Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the future years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance being tested. The cash flow projections, beyond period covered by the most recent budget / forecast, the Company extrapolates cash flow projections taking base of budget working using a steady or declining growth rate for subsequent years unless an increasing trend can be justified. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes

### **Leases - Estimating the incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

## Note 4 : Property, plant and equipment

| Cost                               | (₹ Crores)    |                 |                            |           |                     |                       |              |                  |                                   |                                  |                 |          |
|------------------------------------|---------------|-----------------|----------------------------|-----------|---------------------|-----------------------|--------------|------------------|-----------------------------------|----------------------------------|-----------------|----------|
|                                    | Land freehold | Land lease hold | Leasehold Land Development | Buildings | Plant and equipment | Furniture and fixture | Vehicles and | Office equipment | Roads, culverts and compound wall | Water supply and drainage system | Railway sidings | Total    |
| <b>As at April 01, 2021</b>        | 111.03        | 240.54          | 9.62                       | 441.73    | 6,832.37            | 34.93                 | 6.63         | 11.84            | 71.53                             | 128.31                           | 3.77            | 7,892.30 |
| Additions                          | -             | -               | -                          | 8.08      | 135.80              | 0.69                  | 0.77         | 0.88             | 1.17                              | -                                | -               | 147.39   |
| Disposals                          | -             | -               | -                          | -         | (15.32)             | (0.51)                | (0.30)       | (1.05)           | -                                 | -                                | -               | (17.18)  |
| Reclassification                   | -             | -               | -                          | (0.73)    | 3.31                | (2.58)                | -            | -                | -                                 | -                                | -               | -        |
| <b>As at March 31, 2022</b>        | 111.03        | 240.54          | 9.62                       | 449.08    | 6,956.16            | 32.53                 | 7.10         | 11.67            | 72.70                             | 128.31                           | 3.77            | 8,022.51 |
| Additions                          | -             | -               | -                          | 4.06      | 87.65               | 5.02                  | 0.90         | 0.59             | 2.66                              | 0.26                             | 3.28            | 104.42   |
| Disposals                          | -             | -               | -                          | -         | (23.56)             | (0.36)                | (0.73)       | (0.27)           | -                                 | (1.98)                           | (0.08)          | (26.98)  |
| Reclassification                   | -             | (240.54)        | -                          | (24.49)   | -                   | -                     | -            | -                | -                                 | -                                | -               | (265.03) |
| <b>As at March 31, 2023</b>        | 111.03        | -               | 9.62                       | 428.65    | 7,020.25            | 37.19                 | 7.27         | 11.99            | 75.36                             | 126.59                           | 6.97            | 7,834.92 |
| <b>Depreciation / Amortisation</b> |               |                 |                            |           |                     |                       |              |                  |                                   |                                  |                 |          |
| <b>As at April 01, 2021</b>        | -             | 20.87           | 0.12                       | 130.98    | 3,897.49            | 24.83                 | 3.82         | 10.03            | 44.61                             | 76.25                            | 3.58            | 4,212.58 |
| Depreciation for the year          | -             | 2.52            | 0.34                       | 12.54     | 256.26              | 2.05                  | 0.68         | 0.56             | 5.31                              | 6.09                             | -               | 286.35   |
| Reclassification                   | -             | -               | -                          | (0.01)    | 2.17                | (2.16)                | -            | -                | -                                 | -                                | -               | -        |
| Disposals                          | -             | -               | -                          | -         | (14.22)             | (0.45)                | (0.13)       | (0.99)           | -                                 | -                                | -               | (15.79)  |
| <b>As at March 31, 2022</b>        | -             | 23.39           | 0.46                       | 143.51    | 4,141.70            | 24.27                 | 4.37         | 9.60             | 49.92                             | 82.34                            | 3.58            | 4,483.14 |
| Depreciation for the year          | -             | -               | 0.34                       | 12.55     | 267.57              | 2.49                  | 0.58         | 0.63             | 4.41                              | 6.06                             | 0.18            | 294.81   |
| Reclassification                   | -             | (23.39)         | -                          | (3.18)    | -                   | -                     | -            | -                | -                                 | -                                | -               | (26.57)  |
| Disposals                          | -             | -               | -                          | -         | (22.01)             | (0.34)                | (0.51)       | (0.25)           | -                                 | (1.81)                           | (0.07)          | (24.99)  |
| <b>As at March 31, 2023</b>        | -             | -               | 0.80                       | 152.88    | 4,387.26            | 26.42                 | 4.44         | 9.98             | 54.33                             | 86.59                            | 3.69            | 4,726.39 |
| <b>Net Block</b>                   |               |                 |                            |           |                     |                       |              |                  |                                   |                                  |                 |          |
| <b>As at March 31, 2023</b>        | 111.03        | -               | 8.82                       | 275.77    | 2,632.99            | 10.77                 | 2.83         | 2.01             | 21.03                             | 40.00                            | 3.28            | 3,108.53 |
| <b>As at March 31, 2022</b>        | 111.03        | 217.15          | 9.16                       | 305.57    | 2,814.46            | 8.26                  | 2.73         | 2.07             | 22.78                             | 45.97                            | 0.19            | 3,539.37 |

## Notes :

- Leasehold Land pertains to the costs incurred for leasehold land in possession of the Company as a Licensee, pending completion formalities of the lease agreement for a term of 99 years in respect of certain land areas situated at Dahej and Atali.
- Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' acquired under Government of India policy for reimbursement of project cost over a period of five years from the date of commercial production, was capitalized on 01.10.2013. Accordingly, plant and equipment include assets amounting to ₹ 1,215.64 crores (net of decapitalisation) represented by capital grant of ₹ 1,213.06 crores.
- Assets given on lease included in plant and equipment :
  - Cost as at March 31, 2023 is ₹ 9.39 crores (March 31, 2022 ₹ 9.39 crores)
  - Depreciation as at March 31, 2023 is ₹ 8.92 crores (March 31, 2022 ₹ 8.92 crores)
  - Net block as at March 31, 2023 is ₹ 0.47 crore (March 31, 2022 ₹ 0.47 crore)
- Additions to property, plant & equipment during the year include ₹ Nil (previous year: ₹ Nil) used for research and development activities.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

e. Disclosure with respect to the Title deeds of Immovable Property not held in the name of the Company is as below:

A) List of Immovable Properties as at 31.03.2023

| Relevant line item in the Balance Sheet | Description of item of property | Gross carrying value (₹ Crores) | Title deeds held in the name of                     | Whether title deed holder is a promoter *, director or relative** of promoter / director or employee of promoter / director | Property held since which date | Reason for not being held in the name of the company  | Is there any Dispute |
|---|---------------------------------|---------------------------------|---|---|--------------------------------|---|----------------------|
| Land leasehold                          |                                 |                                 |   |   |                                | The lease deed for plots allotted are not executed in favour of GNFC because of the some of the portion of the lands are Gaucher and Government Land are falling in the plot allotted to the Company and lease will be executed after allotment of Gaucher and Government Land to GNFC. |                      |
|   | Land leasehold                  | 43.05                           | Gujarat Industrial Development Corporation, Bharuch | NO  | 04.09.2012                     |   | NO                   |

\*Promoter here means promoter as defined in Section 2(69) of the Companies Act, 2013

\*\*Relative here means relative as defined in Section 2(77) of the Companies Act, 2013

B) List of Immovable Properties as at 31.03.2023

| Relevant line item in the Balance Sheet | Description of item of property | Gross carrying value (₹ Crores) | Title deeds held in the name of                     | Whether title deed holder is a promoter *, director or relative** of promoter / director or employee of promoter / director | Property held since which date | Reason for not being held in the name of the company  | Is there any Dispute |
|---|---------------------------------|---------------------------------|---|---|--------------------------------|---|----------------------|
| Land leasehold                          |                                 |                                 |   |   |                                | The lease deed for plots allotted are not executed in favour of GNFC because of the some of the portion of the lands are Gaucher and Government Land are falling in the plot allotted to the Company and lease will be executed after allotment of Gaucher and Government Land to GNFC. |                      |
|   | Land leasehold                  | 43.05                           | Gujarat Industrial Development Corporation, Bharuch | NO  | 04.09.2012                     |   | NO                   |

\*Promoter here means promoter as defined in Section 2(69) of the Companies Act, 2013

\*\*Relative here means relative as defined in Section 2(77) of the Companies Act, 2013

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#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

##### Note 5 : Capital Work in Progress

##### 5.1 : Capital work in progress is as under:

- **Gross block** as at March 31, 2023 is ₹ **187.01** crores (March 31, 2022 ₹ 142.40 crores)
- **Impairment provision** as at March 31, 2023 is **Nil** (March 31, 2022 ₹ 4.68 crores)
- **Net block** as at March 31, 2023 is ₹ **187.01** crores (March 31, 2022 ₹ 137.72 crores)

It mainly includes cost incurred on Coal based captive power plant at dahej (₹ 52.74 crores), plant and equipment procured at CNA-IV Project (₹ 61.17 crores), ANI-TDI Plant (₹ 14.04 crores), Ammonia Plant (₹ 10.56 crores), PSA unit (₹ 6.31 crores), TDI II Dahej Plant (₹ 5.95 crores), Solar 4 MW Plant (₹ 5.83 crores), Urea Plant (₹ 4.84 crores), Coal handling plant (₹ 2.07 crores), Formic Acid Plant (₹ 1.76 crores), CPP Plant (₹ 1.58 crores) CPSU Plant (₹ 1.56 crores) and CNA - III Plant (₹ 1.09 crores).

##### 5.2 : CWIP Ageing Schedule

(₹ Crores)

| Particulars                   | Amount in CWIP for a period of |              |              |                   | Grand Total   |
|-------------------------------|--------------------------------|--------------|--------------|-------------------|---------------|
|                               | Less than 1 year               | 1 to 2 year  | 2 to 3 year  | more than 3 years |               |
| <b>As on 31.03.2023</b>       |                                |              |              |                   |               |
| Projects in progress          | 122.14                         | 44.00        | 18.35        | 2.52              | 187.01        |
| <b>Total as on 31.03.2023</b> | <b>122.14</b>                  | <b>44.00</b> | <b>18.35</b> | <b>2.52</b>       | <b>187.01</b> |
| <b>As on 31.03.2022</b>       |                                |              |              |                   |               |
| Projects in progress          | 75.70                          | 54.06        | 6.55         | 1.41              | 137.72        |
| <b>Total as on 31.03.2022</b> | <b>75.70</b>                   | <b>54.06</b> | <b>6.55</b>  | <b>1.41</b>       | <b>137.72</b> |

**Note :** As on March 31, 2022 one project related to Amine Water Effluent Treatment facility at Aniline-TDI complex was suspended. The project was commenced in 2017 and total expenditure incurred till March 31, 2022 was ₹ 4.68 crores. The Company had already created impairment provision of ₹ 4.68 crores against the same and hence the details of the same is not covered in above ageing table of 31.03.2022.

Further, during the year the said project was written off against the impairment provision created in earlier years.

##### 5.3 : CWIP completion schedule for capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan.

(₹ Crores)

| Particulars   | To be completed in |             |             |                   |
|---|--------------------|-------------|-------------|-------------------|
|   | Less than 1 year   | 1 to 2 year | 2 to 3 year | more than 3 years |
| <b>As on 31.03.2023</b>                                 |                    |             |             |                   |
| <b>Projects and Schemes in Progress</b>                 |                    |             |             |                   |
| - CNA - IV Project                                      | 48.05              | -           | -           | -                 |
| - 4 MW Solar Power Plant                                | 20.45              | -           | -           | -                 |
| - Energy Conservation Turbine at ANI-TDI                | 6.15               | -           | -           | -                 |
| - Additional MTD storage tanks                          | 3.42               | -           | -           | -                 |
| - Corporate Building 3rd Floor renovation               | 1.72               | -           | -           | -                 |
| - New fire station building - TDI-II Dahej              | 1.42               | -           | -           | -                 |
| - Secondary Combustion Chamber at ANI-TDI               | 1.43               | -           | -           | -                 |
| - Fire water pump house upgradation                     | 1.26               | -           | -           | -                 |
| - Boundary wall around Township                         | 1.22               | -           | -           | -                 |
| - Installation of Buffer tank EA plant                  | 1.17               | -           | -           | -                 |
| - Height Increase of Rock Phosphate Silo                | 1.08               | -           | -           | -                 |
| - Additional storage facility of Toluene - TDI-II Dahej | 0.69               | -           | -           | -                 |
| - CNA Storage Buffer Tank                               | 0.63               | -           | -           | -                 |
| - Other Various Modification / Upgradation schemes      | 2.39               | -           | -           | -                 |
| <b>Total as on 31.03.2023</b>                           | <b>91.08</b>       | <b>-</b>    | <b>-</b>    | <b>-</b>          |

None of the projects has exceeded its cost compared to its original plan Except -CNA - IV Project which is exceeded by ₹ 23.04 crores.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**(₹ Crores)**

| Particulars   | To be completed in  |                |                |                      |
|---|---------------------|----------------|----------------|----------------------|
|   | Less than<br>1 year | 1 to 2<br>year | 2 to 3<br>year | more than<br>3 years |
| <b>As on 31.03.2022</b>                                 |                     |                |                |                      |
| <b>Projects and Schemes in Progress</b>                 |                     |                |                |                      |
| - CNA - IV Project                                      | 63.39               | -              | -              | -                    |
| - Formic Acid Revamp Project                            | 27.60               | -              | -              | -                    |
| - Energy Conservation Turbine at ANI-TDI                | 9.04                | -              | -              | -                    |
| - Additional Chlorine Bullet Facility - TDI-II Dahej    | 3.74                | -              | -              | -                    |
| - New fire station building - TDI-II Dahej              | 3.39                | -              | -              | -                    |
| - Secondary Combustion Chamber at ANI-TDI               | 1.80                | -              | -              | -                    |
| - Fire water pump house upgradation                     | 1.57                | -              | -              | -                    |
| - Additional storage facility of Toluene - TDI-II Dahej | 1.23                | -              | -              | -                    |
| - New Metallic storage tank for acidic eff ETP Dahej    | 0.90                | -              | -              | -                    |
| - Fire water Pumps & Storage at ANI-TDI                 | 0.73                | -              | -              | -                    |
| - Extension on control Room - TDI II Dahej              | 0.65                | -              | -              | -                    |
| - Other Various Modification / Upgradation schemes      | 4.21                | -              | -              | -                    |
| <b>Total as on 31.03.2022</b>                           | <b>118.25</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>             |

None of the projects has exceeded its cost compared to its original plan Except -CNA - IV Project which is exceeded by ₹ 23.04 crores.

**Note 6 : Investment property**
**(₹ Crores)**

| Particulars                        | Building     | Total        |
|------------------------------------|--------------|--------------|
| <b>Cost</b>                        |              |              |
| <b>As at April 01, 2021</b>        | <b>25.93</b> | <b>25.93</b> |
| Additions (subsequent expenditure) | -            | -            |
| <b>As at March 31, 2022</b>        | <b>25.93</b> | <b>25.93</b> |
| Additions (subsequent expenditure) | -            | -            |
| Reclassification                   | 24.49        | 24.49        |
| <b>As at March 31, 2023</b>        | <b>50.42</b> | <b>50.42</b> |
| <b>Depreciation</b>                |              |              |
| <b>As at April 01, 2021</b>        | <b>8.23</b>  | <b>8.23</b>  |
| Depreciation for the year          | 0.42         | 0.42         |
| <b>As at March 31, 2022</b>        | <b>8.65</b>  | <b>8.65</b>  |
| Depreciation for the year          | 0.81         | 0.81         |
| Reclassification                   | 3.18         | 3.18         |
| <b>As at March 31, 2023</b>        | <b>12.64</b> | <b>12.64</b> |
| <b>Net Block</b>                   |              |              |
| <b>As at March 31, 2023</b>        | <b>37.78</b> | <b>37.78</b> |
| As at March 31, 2022               | 17.28        | 17.28        |

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#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

##### Information regarding income and expenditure of Investment property (₹ Crores)

| Particulars   | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| Rental income derived from Investment properties  | 7.77                         | 5.65                         |
| Direct operating expenses (including repairs and maintenance) generating rental income            | (2.37)                       | (2.01)                       |
| Direct operating expenses (including repairs and maintenance) that did not generate rental income | (0.62)                       | (2.21)                       |
| <b>Profit arising from investment property before depreciation and indirect expenses</b>          | <b>4.78</b>                  | <b>1.43</b>                  |
| Less : Depreciation   | (0.81)                       | (0.42)                       |
| <b>Profit arising from investment property before indirect expenses</b>                           | <b>3.97</b>                  | <b>1.01</b>                  |

- (i) As at March 31, 2023 and March 31, 2022 the fair values of the investment property is ₹ 111.55 crores and ₹ 85.20 crores respectively, based on valuations performed by an accredited independent valuer, who is a specialist in valuing such types of investment properties.
- (ii) The Company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
- (iii) Fair value hierarchy disclosure for investment properties have been provided in Note 50.2.

##### Note 7 : Intangible assets (₹ Crores)

| Particulars                 | Computer<br>software | Licenses     | Total        |
|-----------------------------|----------------------|--------------|--------------|
| <b>Cost</b>                 |                      |              |              |
| <b>As at April 01, 2021</b> | <b>25.05</b>         | <b>34.29</b> | <b>59.34</b> |
| Additions                   | 2.82                 | -            | 2.82         |
| Deletion                    | -                    | -            | -            |
| <b>As at March 31, 2022</b> | <b>27.87</b>         | <b>34.29</b> | <b>62.16</b> |
| Additions                   | 2.46                 | -            | 2.46         |
| Deletion                    | (0.45)               | -            | (0.45)       |
| <b>As at March 31, 2023</b> | <b>29.88</b>         | <b>34.29</b> | <b>64.17</b> |
| <b>Amortization</b>         |                      |              |              |
| <b>As at April 01, 2021</b> | <b>20.41</b>         | <b>17.83</b> | <b>38.24</b> |
| Amortization for the year   | 2.41                 | 1.55         | 3.96         |
| Disposals                   | -                    | -            | -            |
| <b>As at March 31, 2022</b> | <b>22.82</b>         | <b>19.38</b> | <b>42.20</b> |
| Amortization for the year   | 2.34                 | 1.55         | 3.89         |
| Disposals                   | (0.45)               | -            | (0.45)       |
| <b>As at March 31, 2023</b> | <b>24.71</b>         | <b>20.93</b> | <b>45.64</b> |
| <b>Net Block</b>            |                      |              |              |
| <b>As at March 31, 2023</b> | <b>5.17</b>          | <b>13.36</b> | <b>18.53</b> |
| As at March 31, 2022        | 5.05                 | 14.91        | 19.96        |

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**Note 8 : Investments**
**(₹ Crores)**

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Trade Investments</b>   |                         |                         |
| <b>(i) Investment in Associate at cost (Unquoted)</b>  |                         |                         |
| <b>Investment in equity instrument</b>   |                         |                         |
| <b>(In fully paid up equity shares)</b>  |                         |                         |
| 12,50,000 (previous year 12,50,000) Equity shares of Gujarat Green Revolution Company Limited of ₹ 10/- each   | 1.25                    | 1.25                    |
| <b>Total</b>   | <u>1.25</u>             | <u>1.25</u>             |
| <b>Non- Trade Investments</b>  |                         |                         |
| <b>(i) Investments at fair value through other comprehensive income (FVTOCI) [Refer note (a &amp; b)]</b>  |                         |                         |
| <b>Investments at FVTOCI</b>   |                         |                         |
| <b>Investments in equity instruments-quoted</b>  |                         |                         |
| <b>(In fully paid up equity shares)</b>  |                         |                         |
| A) 75,00,000 (previous year 75,00,000) Equity Shares of Gujarat State Fertilizers & Chemicals Limited of ₹ 2/- each  | 89.25                   | 121.54                  |
| B) 17,59,996 (previous year 17,59,996) Equity Shares of Gujarat Alkalies & Chemicals Limited of ₹ 10/- each  | 102.99                  | 157.79                  |
| C) 80,00,000 (previous year 80,00,000) Equity Shares of Gujarat State Petronet Limited of ₹ 10/- each  | 212.00                  | 207.24                  |
| D) 2,66,445 (previous year 2,66,445) Equity Shares of Gujarat Gas Limited of ₹ 2/- each  | 12.25                   | 13.41                   |
|  | <u>416.49</u>           | <u>499.98</u>           |
| <b>Investments in equity instruments-unquoted</b>  |                         |                         |
| A) 2,15,43,200 (previous year 2,15,43,200) equity shares of Gujarat State Petroleum Corporation Limited of ₹ 1/- each  | 32.72                   | 24.09                   |
| B) 42,000 (previous year 42,000) equity shares of Bharuch Enviro Infrastructure Limited of ₹ 10/- each   | 10.92                   | 13.19                   |
| C) 20,000 (previous year 20,000) equity shares of Gujarat Venture Finance Limited of ₹ 10/- each   | 0.49                    | 0.55                    |
| D) 18,39,60,000 (previous year 18,39,60,000) equity shares of Gujarat Chemical Port Limited of ₹ 1/- each (formerly known as Gujarat Chemical Port Terminal Company Limited) | 521.71                  | 607.07                  |
| E) 2,42,10,000 (previous year 2,42,10,000) equity shares of Ecophos GNFC Private Limited of ₹ 10/- each @, #   | - *                     | - *                     |
| F) 1,35,30,000 (previous year 1,35,30,000) equity shares of Bharuch Dahej Railway Company Limited of ₹ 10/- each   | 15.49                   | 10.82                   |
|  | <u>581.33</u>           | <u>655.72</u>           |
| <b>Total Investments at FVTOCI</b>   | <u>997.82</u>           | <u>1,155.70</u>         |

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#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

| Particulars  | (₹ Crores)              |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
| <b>(ii) Investments at fair value through profit and loss (FVTPL)</b>      |                         |                         |
| <b>Investments at FVTPL - Unquoted</b>                                     |                         |                         |
| A) Investments in Government securities                                    | 3.45                    | 3.53                    |
| B) Investments in Debentures \$  | 14.71                   | 52.34                   |
| C) Investments in State Development Loans                                  | 8.54                    | 8.94                    |
| <b>Total Investments at FVTPL</b>  | <b>26.70</b>            | <b>64.81</b>            |
| <b>(iii) Investments at amortized cost</b>                                 |                         |                         |
| <b>Investments at Amortized cost - Unquoted</b>                            |                         |                         |
| A) Investments in Government securities                                    | 2,080.67                | -                       |
| <b>Total Investments at Amortized cost</b>                                 | <b>2,080.67</b>         | <b>-</b>                |
| <b>Non-current</b>   | <b>2,785.42</b>         | 1,156.95                |
| <b>Current</b>   | <b>321.02</b>           | 64.81                   |
| <b>Total investments</b>   | <b>3,106.44</b>         | <b>1,221.76</b>         |
| <b>Aggregate book value of quoted investments and market value thereof</b> | <b>416.49</b>           | 499.98                  |
| <b>Aggregate amount of unquoted investments</b>                            | <b>2,689.95</b>         | 721.78                  |

\* Amount nullified on conversion to ₹ crores.

□ The Company is carrying physical share certificate in respect of this investment.

# M/s Ecophos GNFC Private Limited (EGIPL) is the joint venture company formed by the Company and M/s Ecophos S.A - a Belgium based company for manufacturing of Di-Calcium Phosphate (DCP) at Dahej location. The Company holds 15% shareholding of EGIPL at issued value of ₹ 24.21 crores. During the FY 2019-20, M/s Ecophos S.A. (shareholder) holding 85% shareholding of EGIPL had applied for bankruptcy. Consequently all the nominee directors of EGIPL, Managing Director and Company Secretary of EGIPL resigned. Plant installation for manufacturing of DCP didn't commenced. Accordingly, the Company valued such investment as at March 31, 2023 and as at March 31, 2022 at the nominal consideration of ₹ 1.

\$ The Company had acquired various securities from GNFC-EPFT which includes investments in various long term secured/unsecured Non-Convertible Debentures (NCD) issued by IL&FS Group & NCD issued by Reliance Capital Limited. Such investments have been recorded at the nominal fair values of ₹ 8.20 only (i.e. ₹ 1 for each security) as against total face value of ₹ 39.62 crores.

(a) The fair value of the quoted equity investments are derived from quoted market prices in active market.

(b) Investments include investment in unquoted equity shares. Fair value of unquoted investment in equity instrument have been carried out by independent valuer using Net Assets Value model and comparable companies model following Market Approach and Asset Approach. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk, volatility, net assets and market multiples. The probabilities of various estimates within the range can be reasonably assessed and are used in management's estimates for fair value for these unquoted equity instruments.

#### Reconciliation of fair value measurement of the investments in equity shares

| Particulars   | (₹ Crores)                   |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
| <b>Opening Balance</b>  | <b>1,155.70</b>              | 779.89                       |
| Add : Fair value gain / (loss) recognised in Other Comprehensive Income | <b>(157.88)</b>              | 375.81                       |
| <b>Closing Balance</b>  | <b>997.82</b>                | 1,155.70                     |



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**Note 9 : Loans and advances**
**(₹ Crores)**

| Particulars                                | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Current</b>                             |                         |                         |
| <b>Loans</b>                               |                         |                         |
| <b>Considered good</b>                     |                         |                         |
| Deposits with a body corporate (unsecured) | <b>800.00</b>           | 1,850.00                |
| Loans to employees * # †                   | <b>15.93</b>            | 17.15                   |
| <b>Total</b>                               | <b>815.93</b>           | 1,867.15                |
| <b>Non-Current</b>                         |                         |                         |
| <b>Loans</b>                               |                         |                         |
| <b>Considered good</b>                     |                         |                         |
| Deposits with a body corporate (unsecured) | -                       | 550.00                  |
| Loans to employees * # †                   | <b>115.15</b>           | 110.93                  |
| <b>Unsecured - considered doubtful</b>     |                         |                         |
| Amount recoverable from employee           | <b>1.57</b>             | 1.57                    |
| Less: Provision for doubtful loans         | <b>(1.57)</b>           | (1.57)                  |
|  | -                       | -                       |
| Loan to other companies                    | <b>0.40</b>             | 0.40                    |
| Less: Provision for doubtful loans         | <b>(0.40)</b>           | (0.40)                  |
|  | -                       | -                       |
| <b>Total</b>                               | <b>115.15</b>           | 660.93                  |
| <b>Total loans and advances</b>            | <b>931.08</b>           | 2,528.08                |

\* includes gross interest accrued ₹ 4.51 crores (previous year ₹ 4.43 crores) on current loans to employees and of ₹ 31.89 crores (previous year ₹ 31.86 crores) on non-current loans to employees.

# No loans are due from Promoters, Directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are repayable on demand or without specifying any terms or period of repayment.

† includes secured Loans to employees having fair value of ₹ 12.06 crores (previous year ₹ 12.44 crores) in current and ₹ 101.52 crores (previous year ₹ 98.61 crores) in non-current amount. Employees have mortgaged/ hypothecated their Buildings and Vehicles to the Company.

**Note 10 : Other financial assets**
**(₹ Crores)**

| Particulars                   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|-------------------------------|-------------------------|-------------------------|
| <b>Current</b>                |                         |                         |
| <b>Other financial assets</b> |                         |                         |
| Accrued interest              | <b>99.68</b>            | 44.39                   |
| Other receivables             | <b>33.45</b>            | 16.59                   |
| Deposits with suppliers       | -                       | 7.11                    |
| <b>Total</b>                  | <b>133.13</b>           | 68.09                   |

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#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

| Particulars                                     | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| <b>Non-Current</b>                              |                         |                         |
| <b>Other financial assets</b>                   |                         |                         |
| Deposits with suppliers                         | 17.55                   | 14.12                   |
| Bank deposits with more than 12 months maturity | 80.00                   | 100.00                  |
| <b>Total</b>                                    | <b>97.55</b>            | <b>114.12</b>           |
| <b>Total other financial assets</b>             | <b>230.68</b>           | <b>182.21</b>           |

#### Note 11 : Trade receivables

(₹ Crores)

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| <b>Trade receivables</b>                                    |                         |                         |
| - Secured, Considered good                                  | 19.78                   | 18.61                   |
| - Unsecured, Considered good                                | 102.90                  | 126.67                  |
| - Unsecured, Credit impaired                                | 14.27                   | 18.63                   |
| <b>Subsidy receivables (Considered good)</b>                |                         |                         |
| - Unsecured, Considered good                                | 244.76                  | 479.82                  |
| - Unsecured, Credit impaired                                | -                       | 0.95                    |
|   | <b>381.71</b>           | <b>644.68</b>           |
| Less : Impairment Allowances (Allowance for doubtful debts) |                         |                         |
| <b>Trade receivables</b>                                    |                         |                         |
| - Credit impaired   | (14.27)                 | (18.63)                 |
| <b>Subsidy Receivables (Credit impaired)</b>                |                         |                         |
|   | -                       | (0.95)                  |
| <b>Total</b>  | <b>367.44</b>           | <b>625.10</b>           |

#### Notes:

- Refer Note 44 for Ageing of Trade receivables as on March 31, 2023 and March 31, 2022.
- No trade or other receivables are due from Directors or other officers of the Company either severally or jointly with any other person; nor any trade or other receivables are due from firms or private companies in which any Director is a partner, a director or a member.
- The fair value of trade receivables (including subsidy receivables) is not materially different from the carrying value presented.
- Trade receivables are non interest bearing and are generally on terms of 30 to 90 days. Trade receivables of (n)Code division (IT) are of ₹ 49.88 crores (previous year ₹ 61.68 crores) are governed by the terms of respective contract agreement. Out of the dues, the Company has provided impairment allowance of ₹ 13.80 crores as on March 31, 2023 (as on March 31, 2022: ₹ 18.30 crores) based on credit risk model followed by the Company.
- Subsidy receivables represents amount receivable from government against sale of fertilizers.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**Note 12 : Other non-current assets**
**(₹ Crores)**

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Unsecured, considered good</b>                            |                         |                         |
| Unamortized value of employee loan benefits                  | <b>46.47</b>            | 40.20                   |
| Capital advances   | <b>49.40</b>            | 47.58                   |
| Deposits / Recoverable balances from customs, VAT and others | <b>1.01</b>             | 1.01                    |
| Prepaid Expense  | <b>1.35</b>             | 2.31                    |
| <b>Unsecured - considered doubtful</b>                       |                         |                         |
| Advances to suppliers  | <b>1.64</b>             | 1.64                    |
| Less: Provision for doubtful advances                        | <b>(1.64)</b>           | (1.64)                  |
|  | -                       | -                       |
| Balances / deposits of recoverable customs, taxes, cess etc. | <b>4.31</b>             | 4.55                    |
| Less: Provision for doubtful balances                        | <b>(4.31)</b>           | (4.55)                  |
|  | -                       | -                       |
| Receivable from others                                       | <b>4.14</b>             | 4.14                    |
| Less: Provision for doubtful balances                        | <b>(4.14)</b>           | (4.14)                  |
|  | -                       | -                       |
| <b>Total</b>   | <b>98.23</b>            | 91.10                   |

**Note 13 : Inventories (Valued at lower of Cost and Net realisable value)**
**(₹ Crores)**

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| Raw materials<br>(Includes in transit inventory as on March 31, 2023<br>₹ 174.28 crores; as on March 31, 2022 - ₹ 88.44 crores)                 | <b>388.97</b>           | 362.44                  |
| Work-in-progress *  | <b>38.32</b>            | 38.58                   |
| Finished goods *  | <b>177.76</b>           | 80.04                   |
| Traded goods  | <b>2.78</b>             | 14.82                   |
| Stores and spares (Including coal)<br>(Includes in transit inventory as on March 31, 2023<br>₹ 1.57 crores; as on March 31, 2022 ₹ 1.94 crores) | <b>539.90</b>           | 502.15                  |
| Less: Provision for excess inventory  | <b>(24.52)</b>          | (21.06)                 |
| <b>Total</b>  | <b>1,123.21</b>         | 976.97                  |

\* During the current year, the Company has adjusted inventories of finished goods by ₹ 5.98 crores (previous year ₹ 2.93 crores) and Work-in-progress by ₹ 0.22 crore (Previous year ₹ 2.22 crores) so as to value such inventories at net realizable value.

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#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

##### Note 14 : Cash and cash equivalents

(₹ Crores)

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Cash and cash equivalents</b>                     |                         |                         |
| Balances with banks in:                              |                         |                         |
| Current accounts                                     | 9.17                    | 12.86                   |
| Debit balance in cash credit and overdraft accounts  | 21.47                   | 11.80                   |
| Cash on hand   | 0.06                    | 0.07                    |
| Deposits with original maturities less than 3 months | 25.50                   | 47.98                   |
| <b>Total</b>   | <b>56.20</b>            | <b>72.71</b>            |

##### Note 15 : Other bank balances

(₹ Crores)

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| Balances with banks   |                         |                         |
| Unpaid dividend accounts  | 14.89                   | 12.02                   |
| Bank balances in escrow accounts *  | 27.89                   | 165.62                  |
| Deposit with original maturity more than 3 months but remaining maturities of less than 12 months # | 1,894.93                | 931.59                  |
| <b>Total</b>  | <b>1,937.71</b>         | <b>1,109.23</b>         |

\* Balance in escrow account represents amount received as Earnest Money Deposit & Tender fees against e-auction done on behalf of various local authorities of Government of Gujarat. Corresponding liability is disclosed in Note 21 as "Other current financial liabilities".

# Includes ₹ 404.92 crores (previous year ₹ 202.59 crores) pledged with lenders and Government authorities.

##### Note 16 : Other current assets

(₹ Crores)

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| Deposits / Recoverable balances from customs, VAT and others | 0.61                    | 0.32                    |
| Advance to suppliers   | 75.86                   | 62.69                   |
| Goods and Service Tax Receivable                             | 10.77                   | 12.40                   |
| Contract assets *  | 3.91                    | 8.53                    |
| Receivable from others                                       | 0.85                    | 0.14                    |
| Gratuity Fund (Refer Note 41)                                | -                       | 2.92                    |
| Prepaid expenses   | 17.74                   | 17.30                   |
| Unamortized employee loan benefits                           | 6.34                    | 6.01                    |
| Energy savings certificates **                               | -                       | -                       |
| <b>Total</b>   | <b>116.08</b>           | <b>110.31</b>           |

\* Classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

\*\* Amount nullified on conversion to ₹ crores.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**Note 17 : Share capital**
**(₹ Crores)**

| Particulars   | As at March 31, 2023 |               | As at March 31, 2022 |          |
|---|----------------------|---------------|----------------------|----------|
|   | No. of Shares        | ₹ Crores      | No. of Shares        | ₹ Crores |
| <b>Authorised share capital</b>                                 |                      |               |                      |          |
| Equity shares of ₹ 10 each                                      | <b>25,00,00,000</b>  | <b>250.00</b> | 25,00,00,000         | 250.00   |
|   | <b>25,00,00,000</b>  | <b>250.00</b> | 25,00,00,000         | 250.00   |
| <b>Issued, subscribed and fully paid up</b>                     |                      |               |                      |          |
| Equity shares of ₹ 10 each subscribed and fully paid up         | <b>15,54,18,783</b>  | <b>155.42</b> | 15,54,18,783         | 155.42   |
| <b>Total issued, subscribed and fully paid up share capital</b> | <b>15,54,18,783</b>  | <b>155.42</b> | 15,54,18,783         | 155.42   |

**17.1. Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

| Particulars  | As at March 31, 2023 |               | As at March 31, 2022 |          |
|--|----------------------|---------------|----------------------|----------|
|  | No. of Shares        | ₹ Crores      | No. of Shares        | ₹ Crores |
| <b>Equity Shares</b>                                       |                      |               |                      |          |
| At the beginning of the year                               | <b>15,54,18,783</b>  | <b>155.42</b> | 15,54,18,783         | 155.42   |
| Changes in Equity Share Capital due to prior period errors | -                    | -             | -                    | -        |
| <b>Restated balance at the beginning of the year</b>       | <b>15,54,18,783</b>  | <b>155.42</b> | 15,54,18,783         | 155.42   |
| Issued/reduction, if any during the year                   | -                    | -             | -                    | -        |
| <b>Outstanding at the end of the year</b>                  | <b>15,54,18,783</b>  | <b>155.42</b> | 15,54,18,783         | 155.42   |

**17.2. Terms/rights attached to the equity shares**
**Rights, preferences and restrictions attached to equity shares:**

The Company has only one class of equity shares having par value of ₹ 10 per share, i.e. equity shares which rank pari passu in all respects. Each holder of equity share is entitled to one vote per share.

For the current financial year 2022-23, the Company has proposed dividend of ₹ 30 per equity share to equity shareholder (for the previous financial year dividend of ₹ 10/- per share declared). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**17.3. Number of Shares held by each shareholder holding more than 5% Shares in the Company**

| Name of the shareholders                   | As at March 31, 2023 |                   | As at March 31, 2022 |                   |
|--|----------------------|-------------------|----------------------|-------------------|
|  | No. of shares        | % of shareholding | No. of shares        | % of shareholding |
| Gujarat State Investments Ltd.             | <b>3,32,27,546</b>   | <b>21.38%</b>     | 3,32,27,546          | 21.38%            |
| Gujarat State Fertilizers & Chemicals Ltd. | <b>3,07,79,167</b>   | <b>19.80%</b>     | 3,07,79,167          | 19.80%            |

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### STANDALONE

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

##### 17.4. Disclosure of Shareholding of Promoters

Disclosure of shareholding of promoters as at March 31, 2023 is as follows :

| Name of the Promoter                       | As at March 31, 2023 |                   | As at March 31, 2022 |                   | % Change during the year |
|--|----------------------|-------------------|----------------------|-------------------|--------------------------|
|  | No. of shares        | % of shareholding | No. of shares        | % of shareholding |                          |
| Gujarat State Investments Ltd.             | 3,32,27,546          | 21.38%            | 3,32,27,546          | 21.38%            | 0.00%                    |
| Gujarat State Fertilizers & Chemicals Ltd. | 3,07,79,167          | 19.80%            | 3,07,79,167          | 19.80%            | 0.00%                    |

Disclosure of shareholding of promoters as at March 31, 2022 is as follows :

| Name of the Promoter                       | As at March 31, 2022 |                   | As at March 31, 2021 |                   | % Change during the year |
|--|----------------------|-------------------|----------------------|-------------------|--------------------------|
|  | No. of shares        | % of shareholding | No. of shares        | % of shareholding |                          |
| Gujarat State Investments Ltd.             | 3,32,27,546          | 21.38%            | 3,32,27,546          | 21.38%            | 0.00%                    |
| Gujarat State Fertilizers & Chemicals Ltd. | 3,07,79,167          | 19.80%            | 3,07,79,167          | 19.80%            | 0.00%                    |

##### Note 18 : Other equity

##### Note 18.1 Reserves and surplus

(₹ Crores)

| Particulars   | Capital reserve | Securities Premium | General reserve | Retained earnings | Total           |
|---|-----------------|--------------------|-----------------|-------------------|-----------------|
| <b>As at April 01, 2021</b>                                 | <b>0.64</b>     | <b>313.31</b>      | <b>2,479.76</b> | <b>2,481.19</b>   | <b>5,274.90</b> |
| Profit for the year   |                 |                    |                 | 1,703.75          | 1,703.75        |
| Re-measurement gain on defined benefit plans (net of tax)   |                 |                    |                 | 14.79             | 14.79           |
| <b>Balance available for appropriation</b>                  |                 |                    |                 | <b>4,199.73</b>   | <b>6,993.44</b> |
| <b>Less : Appropriations</b>                                |                 |                    |                 |                   |                 |
| Dividend paid during the year                               |                 |                    |                 | 124.34            | 124.34          |
| <b>As at March 31, 2022</b>                                 | <b>0.64</b>     | <b>313.31</b>      | <b>2,479.76</b> | <b>4,075.39</b>   | <b>6,869.10</b> |
| Profit for the year   |                 |                    |                 | 1,463.98          | 1,463.98        |
| Re-measurement (loss) on defined benefit plans (net of tax) |                 |                    |                 | (68.79)           | (68.79)         |
| <b>Balance available for appropriation</b>                  |                 |                    |                 | <b>5,470.58</b>   | <b>8,264.29</b> |
| <b>Less : Appropriations</b>                                |                 |                    |                 |                   |                 |
| Transfer to General reserve                                 |                 |                    | 200.00          | (200.00)          | -               |
| Dividend paid during the year                               |                 |                    |                 | 155.42            | 155.42          |
| <b>As at March 31, 2023</b>                                 | <b>0.64</b>     | <b>313.31</b>      | <b>2,679.76</b> | <b>5,115.16</b>   | <b>8,108.87</b> |

##### Securities Premium:

Securities premium is used to record the premium on issue of shares. This reserve is utilized in accordance with the provision of section 52 (2) (c) of the Companies Act, 2013.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**Note 18.2 Other comprehensive income (OCI)**
**(₹ Crores)**

| Particulars  | Net gain / (loss) on<br>FVTOCI equity<br>Investments | Total         |
|--|--|---------------|
| <b>As at April 01, 2021</b>                            | <b>553.35</b>  | <b>553.35</b> |
| Other comprehensive income / (expense) during the year |  |               |
| Net gain on FVTOCI equity investments for the year     | 375.81   | 375.81        |
| Income tax effect                                      | (54.84)  | (54.84)       |
| <b>As at March 31, 2022</b>                            | <b>874.32</b>  | <b>874.32</b> |
| Other comprehensive income / (expense) during the year |  |               |
| Net (loss) on FVTOCI equity investments for the year   | (157.88)   | (157.88)      |
| Income tax effect                                      | 25.63  | 25.63         |
| <b>As at March 31, 2023</b>                            | <b>742.07</b>  | <b>742.07</b> |

**Note 18.3 Dividend distribution made and proposed**
**(₹ Crores)**

| Particulars  | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| <b>Cash dividends on equity shares declared and paid</b>   |                              |                              |
| Final dividend for year ended March 31, 2022: ₹ 10 per share<br>(March 31, 2021: ₹ 8 per share)                    | <b>155.42</b>                | 124.34                       |
| <b>Proposed dividends on equity shares</b>   |                              |                              |
| Final cash dividend proposed for the year ended March 31, 2023:<br>₹ 30 per share (March 31, 2022: ₹ 10 per share) | <b>466.26</b>                | 155.42                       |

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at balance sheet date.

**Note 19 : Borrowings**
**(₹ Crores)**

| Particulars                                   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| <b>Short-term interest bearing borrowings</b> |                         |                         |
| <b>Secured</b>                                |                         |                         |
| From Bank- cash credit and overdraft accounts | <b>0.01</b>             | 0.07                    |
| <b>Total</b>                                  | <b>0.01</b>             | 0.07                    |

**Security details**

Short term borrowings from banks as cash credit and overdraft accounts of ₹ 0.01 crore (March 31, 2022: ₹ 0.07 crore) are secured by first charge by way of hypothecation of inventories and trade receivables and all other movable assets, both present and future and further secured by second charge by way of mortgage on all immovable properties. These charges are ranking pari-passu among the working capital lenders.

**Interest rate details for short term borrowings:**

(i) Cash credit facilities and overdrafts carries interest rates ranging from 3.50% to 7.70% p.a.

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#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

##### Note 20 : Trade payables

(₹ Crores)

| Particulars  | As at          | As at          |
|--|----------------|----------------|
|  | March 31, 2023 | March 31, 2022 |
| (A) Total outstanding dues of micro, small and medium enterprises                      | 45.86          | 28.14          |
| (B) Total outstanding dues of creditors other than micro, small and medium enterprises | 531.85         | 619.64         |
| <b>Total</b>   | <b>577.71</b>  | <b>647.78</b>  |

- Refer Note 45 for Ageing of Trade payables as on March 31, 2023 and March 31, 2022.

(₹ Crores)

| Particulars  | As at          | As at          |
|--|----------------|----------------|
|  | March 31, 2023 | March 31, 2022 |
| <b>Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 as amended ("MSMED Act"):</b>            |                |                |
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year   | 45.86          | 28.14          |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year  | -              | -              |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day                              | -              | -              |
| (iv) The amount of interest due and payable for the year   | -              | -              |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year  | -              | -              |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | -              | -              |

Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

##### Note 21 : Other current financial liabilities

(₹ Crores)

| Particulars   | As at          | As at          |
|---|----------------|----------------|
|   | March 31, 2023 | March 31, 2022 |
| <b>Current</b>  |                |                |
| <b>Other financial liabilities at amortised cost unless specified</b> |                |                |
| Liability towards capital grant received (net) (*)                    | 85.06          | 85.06          |
| Deposits / retention money from customers / vendors / others          | 40.02          | 36.64          |
| Payable for capital goods @   | 15.49          | 28.90          |
| Rebate / discounts payable to customers                               | 29.14          | 44.19          |
| Liability towards employee benefit                                    | 123.25         | 44.13          |
| Liability for Escrow Accounts \$                                      | 27.89          | 165.62         |
| Unclaimed dividends #   | 14.89          | 12.02          |
| Fair Value of Derivative contracts                                    | 1.14           | 0.24           |
| Interest accrued but not due on borrowings                            | -              | 0.03           |
| <b>Total</b>  | <b>336.88</b>  | <b>416.83</b>  |



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**(₹ Crores)**

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Non - Current</b>                               |                         |                         |
| Deposit / Retention money from customers / vendors | 5.00                    | 5.12                    |
| <b>Total</b>                                       | <b>5.00</b>             | 5.12                    |
| <b>Total other financial liabilities</b>           | <b>341.88</b>           | 421.95                  |

\* The capital grant of ₹ 1,213.06 crores from Government of India, Ministry of Chemicals & Fertilizers, Department of Fertilizers for feed stock conversion project from 'LSHS/FO' to 'Gas' vide sanction letter no 14023/22/2007-FP dated 14.12.2009 has accrued to the Company since the conditions attached to the grant have been fulfilled by the Company. Till date, the government had disbursed ₹ 1,146.43 crores towards capital grant as against ₹ 1,213.06 crores and ₹ 348.45 crores towards grant as reimbursement of borrowing cost as against total borrowing cost of ₹ 195.47 crores. Accordingly, the Company has, pending settlement, recorded a net liability of ₹ 85.06 crores (net of adjustment of receivable against return on investment of ₹ 1.29 crores) towards capital grant.

□ Includes ₹ 5.31 crores (March 31, 2022 : ₹ 6.99 crores) payable to Micro, Small and Medium Enterprises which have been determined to the extent such parties have been identified on the basis of information collected by the Management.

\$ Escrow account liability represents amount received as Earnest Money Deposit & Tender fees against e-auction done on behalf of various local authorities of Government of Gujarat. Corresponding asset is disclosed in Note 15 as "Bank balances in escrow accounts".

# Not due for credit to "Investors Education and Protection Fund".

**(a) Disclosure with regards to changes in liabilities arising from financing activities as per Ind AS 7 Statement of Cash Flows:**

Disclosure of changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses) is as under:

**(₹ Crores)**

| Particulars                         | Borrowings (includes<br>Current Maturities)<br>and Interest accrued<br>but not due | Unclaimed<br>Dividend | Derivatives | Total        |
|-------------------------------------|--|-----------------------|-------------|--------------|
| <b>As on April 01, 2021</b>         | -  | 10.71                 | 1.11        | 11.82        |
| Net Cash Flow                       | (1.63)   | (123.03)              | (5.61)      | (130.27)     |
| Foreign Exchange management         | -  | -                     | -           | -            |
| Changes in Fair Value               | -  | -                     | 4.74        | 4.74         |
| Charged to P&L during the year      | 1.66   | -                     | -           | 1.66         |
| Dividend recognised during the year | -  | 124.34                | -           | 124.34       |
| Other                               | -  | -                     | -           | -            |
| <b>As on March 31, 2022</b>         | <b>0.03</b>  | <b>12.02</b>          | <b>0.24</b> | <b>12.29</b> |
| Net Cash Flow                       | (2.86)   | (152.55)              | (4.69)      | (160.10)     |
| Foreign Exchange management         | -  | -                     | -           | -            |
| Changes in Fair Value               | -  | -                     | 5.59        | 5.59         |
| Charged to P&L during the year      | 2.83   | -                     | -           | 2.83         |
| Dividend recognised during the year | -  | 155.42                | -           | 155.42       |
| Other                               | -  | -                     | -           | -            |
| <b>As on March 31, 2023</b>         | <b>0.00</b>  | <b>14.89</b>          | <b>1.14</b> | <b>16.03</b> |

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#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

##### Note 22 : Provisions (Non-current)

(₹ Crores)

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| Provision for leave encashment                                | 176.96                  | 188.53                  |
| Provision for post retirement medical benefit (refer Note 41) | 85.68                   | 66.01                   |
| Provision for contingencies *                                 | 108.97                  | 55.70                   |
| <b>Total</b>  | <b>371.61</b>           | <b>310.24</b>           |

\* These provisions represent estimates made mainly for probable claims arising out of litigations / disputes pending with authorities under various statutes (Excise duty) and with other parties. The probability and the timing of the outflow with regard to these matters depend on the final outcome of the litigations/disputes. Hence, the Company is not able to reasonably ascertain the timing of the outflow. The movement of other provision is as under:

(₹ Crores)

| Particulars                                | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| <b>Opening balance</b>                     | <b>55.70</b>                 | <b>-</b>                     |
| Provision made during the year             | 53.27                        | 55.70                        |
| Amount utilised / reversed during the year | -                            | -                            |
| <b>Closing balance</b>                     | <b>108.97</b>                | <b>55.70</b>                 |

##### Note 23 : Government grant (Deferred Income)

(₹ Crores)

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Current</b>   |                         |                         |
| Grant from Government of India (refer note a)                            | 60.65                   | 60.65                   |
| Government grant of Export Promotion Capital Grant (EPCG) (refer note b) | 5.36                    | 6.24                    |
| Other Government grant   | 0.14                    | -                       |
| <b>Total</b>   | <b>66.15</b>            | <b>66.89</b>            |
| <b>Non Current</b>   |                         |                         |
| Grant from Government of India (refer note a)                            | 576.21                  | 636.86                  |
| Other Government grant   | 0.65                    | 0.93                    |
| <b>Total</b>   | <b>576.86</b>           | <b>637.79</b>           |
| <b>Total government grant (deferred income)</b>                          | <b>643.01</b>           | <b>704.68</b>           |

##### (a) Movement in Grant from Government of India

(₹ Crores)

| Particulars                               | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| <b>Opening</b>                            | <b>697.51</b>                | <b>758.16</b>                |
| Amortised to statement of profit and loss | (60.65)                      | (60.65)                      |
| <b>Closing</b>                            | <b>636.86</b>                | <b>697.51</b>                |

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

The capital grant from Government of India, Ministry of Chemicals & Fertilizers, Department of Fertilizers for feed stock conversion project from 'LSHS/FO' to 'Gas' vide sanction letter no 14023/22/2007-FP dated 14.12.2009 has accrued to the Company since the conditions attached to the grant have been fulfilled by the Company. Accordingly, the grant of ₹ 1,213.06 crores was recorded as deferred income as contemplated under Para 7 and 12 of Ind AS - 20 on 'Accounting for Government Grants and Disclosure of Government Assistance' and it is being amortized over the useful life of the corresponding assets. The aforesaid grant has been disbursed by the Government of India.

**(b) Movement in Government grant of EPCG (₹ Crores)**

| Particulars                                     | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| <b>Opening</b>                                  | <b>6.24</b>                  | 5.93                         |
| Add: New EPCG license received during the year. | -                            | 0.86                         |
| Less: Amortised to statement of profit and loss | <b>(0.88)</b>                | (0.55)                       |
| <b>Closing</b>                                  | <b>5.36</b>                  | 6.24                         |

**Note 24 : Other liabilities (₹ Crores)**

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| Statutory and other liabilities                         | <b>49.04</b>            | 99.79                   |
| Other current liabilities (Refer Note 43 (A))           | <b>24.04</b>            | 36.97                   |
| Contract liabilities (including advance from customers) | <b>37.35</b>            | 24.80                   |
| <b>Total other liabilities</b>                          | <b>110.43</b>           | 161.56                  |

**Note 25 : Provisions (current) (₹ Crores)**

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| Provision for gratuity (Refer Note 41)                        | <b>89.17</b>            | -                       |
| Provision for leave encashment                                | <b>105.95</b>           | 34.23                   |
| Provision for post retirement medical benefit (Refer Note 41) | <b>3.15</b>             | 2.21                    |
| Provision for contingencies **                                | <b>1.59</b>             | 1.59                    |
| <b>Total</b>  | <b>199.86</b>           | 38.03                   |

\*\* The Company had created a contingency provision for possible contractual obligation of IT business. The movement of other provision is as under:

| Particulars                                | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| <b>Opening balance</b>                     | <b>1.59</b>                  | 1.60                         |
| Provision made during the year             | -                            | -                            |
| Amount utilised / reversed during the year | -                            | (0.01)                       |
| <b>Closing balance</b>                     | <b>1.59</b>                  | 1.59                         |

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### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Note 26 : Income Tax

The major component of income tax expenses for the year ended March 31, 2023 and March 31, 2022 are as under

#### a) Statement of Profit and Loss Section

(₹ Crores)

| Particulars  |                  | Year ended     |                |
|--|------------------|----------------|----------------|
|  |                  | March 31, 2023 | March 31, 2022 |
| <b>Current Income tax</b>  |                  |                |                |
| Current tax charges  | <b>A</b>         | <b>541.29</b>  | 615.66         |
| Excess tax provision write back of earlier years (refer note (h) below)        | <b>B</b>         | <b>(21.00)</b> | 2.14           |
| <b>Deferred Tax</b>  |                  |                |                |
| - Relating to origination and reversal of temporary differences                | <b>C</b>         | <b>(52.72)</b> | (23.50)        |
| <b>Tax Expense reported in the Statement of Profit and Loss</b>                | <b>A + B + C</b> | <b>467.57</b>  | 594.30         |
| <b>Other Comprehensive Income ('OCI') Section</b>                              |                  |                |                |
| Income tax / Deferred tax related to items recognised in OCI during the year : |                  |                |                |
| - Remeasurement gain / loss on defined benefit plans, (charge) / credit        |                  | <b>23.13</b>   | (4.97)         |
| - Unrealised gain / loss on FVTOCI equity investments, (charge) / credit       |                  | <b>25.63</b>   | (54.84)        |
|  |                  | <b>48.76</b>   | (59.81)        |

#### b) Balance Sheet Section

(₹ Crores)

| Particulars                          | As at          |                |
|--------------------------------------|----------------|----------------|
|                                      | March 31, 2023 | March 31, 2022 |
| Liabilities for current tax (net)    | <b>0.04</b>    | 36.10          |
| Income tax assets (net)              | <b>(61.35)</b> | (9.77)         |
| <b>Net Tax Provision Outstanding</b> | <b>(61.31)</b> | 26.33          |

#### c) Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2023 and March 31, 2022

(₹ Crores)

| Particulars  | Year ended March 31, 2023 |                 | Year ended March 31, 2022 |          |
|--|---------------------------|-----------------|---------------------------|----------|
|  | %                         | Amount          | %                         | Amount   |
| <b>Profit Before tax</b>   |                           | <b>1,931.55</b> |                           | 2,298.05 |
| <b>Tax using domestic tax rate for Company</b>                       | <b>25.17</b>              | <b>486.13</b>   | 25.17                     | 578.37   |
| <b>Tax Effect of:</b>  |                           |                 |                           |          |
| Income exempted from tax   | -                         | -               | (0.05)                    | (1.22)   |
| Deduction u/s 80M  | <b>(0.13)</b>             | <b>(2.54)</b>   | -                         | -        |
| Non-deductible expenses  | <b>0.32</b>               | <b>6.11</b>     | 0.10                      | 2.37     |
| Sale of assets   | <b>0.00</b>               | <b>0.01</b>     | 0.01                      | 0.24     |
| Right of Use Asset - Ind AS 116                                      | <b>(0.02)</b>             | <b>(0.29)</b>   | (0.01)                    | (0.18)   |
| Adjustment in depreciation net book value of assets                  | <b>0.11</b>               | <b>2.17</b>     | 0.02                      | 0.52     |
| Reversal of deferred tax liability on account of change in tax rate  | -                         | -               | 0.22                      | 5.16     |
| Gain / loss on investments   | <b>(0.09)</b>             | <b>(1.69)</b>   | -                         | -        |
| Interest u/s 234C  | <b>0.01</b>               | <b>0.10</b>     | 0.34                      | 7.75     |
| Other adjustments  | <b>(0.07)</b>             | <b>(1.43)</b>   | (0.04)                    | (0.85)   |
| <b>Effective tax rate and tax</b>                                    | <b>25.29</b>              | <b>488.57</b>   | 25.77                     | 592.16   |
| <b>Adjustments in respect of Current Income Tax of earlier years</b> | -                         | -               | -                         | -        |
| <b>Excess tax provision write back of earlier years</b>              | <b>(1.09)</b>             | <b>(21.00)</b>  | 0.09                      | 2.14     |
| <b>Tax expenses as per Books</b>                                     | <b>24.21</b>              | <b>467.57</b>   | 25.86                     | 594.30   |

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**d) Deferred Tax Liability (net)**
**(₹ Crores)**

| Particulars   | Balance Sheet as at |                | Statement of Profit and Loss |                           |
|---|---------------------|----------------|------------------------------|---------------------------|
|   | March 31, 2023      | March 31, 2022 | Year ended March 31, 2023    | Year ended March 31, 2022 |
| (Liability) on Accelerated depreciation for tax purpose | <b>(527.97)</b>     | (562.60)       | <b>(34.63)</b>               | (43.06)                   |
| Assets on provision for Leave encashment                | <b>69.23</b>        | 54.09          | <b>(15.14)</b>               | 5.33                      |
| Assets on deferred government grant of ASGP             | <b>160.28</b>       | 175.55         | <b>15.27</b>                 | 21.19                     |
| Assets on deferred government grant of EPCG             | <b>1.55</b>         | 1.57           | <b>0.02</b>                  | 0.50                      |
| Assets on Provision for doubtful debts and advances     | <b>40.62</b>        | 30.52          | <b>(10.10)</b>               | (8.93)                    |
| (Liability) on equity investment FVTOCI                 | <b>(98.33)</b>      | (123.96)       | <b>(25.63)</b>               | 54.84                     |
| Assets on other adjustments                             | <b>10.72</b>        | 2.58           | <b>(8.14)</b>                | 1.47                      |
|   | <b>(343.90)</b>     | (422.25)       | <b>(78.35)</b>               | 31.34                     |

**e) Deferred tax liabilities reflected in the balance sheet as follows**
**(₹ Crores)**

| Particulars                             | As at          | As at          |
|---|----------------|----------------|
|   | March 31, 2023 | March 31, 2022 |
| Deferred tax liabilities                | <b>343.90</b>  | 422.25         |
| Less : Tax credit entitlement under MAT | -              | -              |
| <b>Deferred tax liabilities (net)</b>   | <b>343.90</b>  | 422.25         |

**f) Reconciliation of deferred tax liabilities (net)**
**(₹ Crores)**

| Particulars   | Year ended     | Year ended     |
|---|----------------|----------------|
|   | March 31, 2023 | March 31, 2022 |
| <b>Opening balance as of April 01</b>                                     | <b>422.25</b>  | 390.91         |
| Tax (credit) during the period recognised in statement of profit and loss | <b>(52.72)</b> | (23.50)        |
| Tax charges / (credit) during the period recognised in OCI                | <b>(25.63)</b> | 54.84          |
| <b>Closing balance as of March 31</b>                                     | <b>343.90</b>  | 422.25         |

**g)** During the previous year, the Company has decided to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 under which domestic companies have the option to pay income tax at lower rate ("New tax rate") subject to the giving up of certain incentives and deductions. Accordingly, the provision for current tax for the current year ended on March 31, 2023 of ₹ 541.29 crores is measured at the New tax rate.

**h)** Based on reconciliation of income tax liabilities pertaining to current tax provision of earlier years as per books of account with tax liabilities acknowledged in respective year's income tax return / assessed tax liabilities, excess tax provision aggregating to ₹ 21.00 crores (previous year ₹ 2.14 crores) related with earlier years has been written back in the books.

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### STANDALONE

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

##### Note 27 : Revenue from operations

(₹ Crores)

| Particulars  | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| <b>27.1</b>  |                              |                              |
| <b>Sale of products</b>  |                              |                              |
| Own products (refer below note 27.2)   | 10,067.29                    | 8,530.18                     |
| Traded products  | 74.69                        | 27.40                        |
|  | <u>10,141.98</u>             | <u>8,557.58</u>              |
| <b>Rendering of services</b>   | 65.25                        | 65.88                        |
| <b>Other operating revenue</b>   |                              |                              |
| Export incentive   | 0.75                         | 2.07                         |
| Recovery of administrative charges (Fly Ash)   | 7.28                         | 7.48                         |
| Sale of scrap / surplus / unserviceable materials  | 11.67                        | 9.28                         |
|  | <u>19.70</u>                 | <u>18.83</u>                 |
| <b>Total</b>   | <u>10,226.93</u>             | <u>8,642.29</u>              |
| <b>27.2 - Sale of own products above includes:</b>   |                              |                              |
| Subsidy from Government of India under New Urea Policy / Retention Price Scheme / Nutrient Based Subsidy Scheme (including escalation / de-escalation) |                              |                              |
| - Pertaining to current year   | 2,939.44                     | 1,775.82                     |
| - Pertaining to earlier year recognised during current year  | 23.40                        | 66.63                        |
| <b>Total</b>   | <u>2,962.84</u>              | <u>1,842.45</u>              |
| <b>27.3 - Timing of revenue recognition</b>  |                              |                              |
| Goods transferred / services rendered at point in time   | 10,196.23                    | 8,604.60                     |
| Services transferred over time   | 30.70                        | 37.69                        |
| <b>Total</b>   | <u>10,226.93</u>             | <u>8,642.29</u>              |

**27.4** There are no inter-segment transfers in case of revenue from contracts with customers, accordingly no reconciliation is required with amounts disclosed in the segment information.

**27.5** Reconciliation of amounts of revenue recognized in the statement of profit and loss with the contracted price.

(₹ Crores)

| Particulars  | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| Gross Revenue as per contracted price with customer      | 7,612.59                     | 7,105.39                     |
| <b>Adjustments:</b>                                      |                              |                              |
| Rebates / discounts / incentives                         | (322.41)                     | (278.96)                     |
| Dealer's margin  | (26.09)                      | (26.59)                      |
| <b>Net Revenue as per contracted price with customer</b> | <u>7,264.09</u>              | <u>6,799.84</u>              |
| <b>Subsidy income from Government of India</b>           | <u>2,962.84</u>              | <u>1,842.45</u>              |
| <b>Total Revenue from operations</b>                     | <u>10,226.93</u>             | <u>8,642.29</u>              |

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**Note 28 : Other income**
**(₹ Crores)**

| Particulars   | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| Grant income  | 61.68                        | 61.27                        |
| Interest income *   | 233.47                       | 119.17                       |
| Lease rental income   | 9.02                         | 7.81                         |
| Gain (adjustment) on decapitalisation of property, plant and equipment  | 0.02                         | -                            |
| Unclaimed liabilities / excess provision for doubtful debt written back | 22.08                        | 6.00                         |
| Dividend income **  | 10.11                        | 4.85                         |
| Profit on sale of property, plant & equipments (net of losses)          | 1.15                         | 0.11                         |
| Insurance claim   | 0.70                         | 2.21                         |
| Fair valuation gain on investments measured at FVTPL (net)              | -                            | 0.54                         |
| Gain on sale of investments carried at FVTPL                            | -                            | 0.12                         |
| Gain on Lease modification/ termination (net of losses) ***             | 0.01                         | -                            |
| Miscellaneous income # \$   | 22.99                        | 7.34                         |
| <b>Total</b>  | <b>361.23</b>                | <b>209.42</b>                |

\* Including ₹ 13.42 crores (previous year ₹ 18.68 crores) on FVTPL Financial Assets.

\*\* Including ₹ 9.98 crores (previous year ₹ 4.72 crores) on FVTOCI Financial Assets.

\*\*\* Amount for the previous year is nullified on conversion to ₹ crores

# Miscellaneous income for the current year includes ₹ 10.39 crores received from Employees' Provident Fund Trust of the Company (GNFC-EPFT) towards redemption value of principal and interest amount of security issued by Punjab State Industrial Development Corporation (PSIDC) and held by GNFC-EPFT. As this security was already matured in earlier years and maturity amount was not received by the GNFC-EPFT from PSIDC, this was not transferred in the name of the Company till date. The Company had already made good the loss while transferring the PF corpus to the Employees' Provident Fund Organisation (EPFO) by considering the fair value of security at ₹ 1 and therefore, the aforesaid receipt from (GNFC-EPFT) has been recorded as income of the Company.

\$ Miscellaneous income for the current year includes ₹ 7.38 crores received from IL&FS Financial Services Limited as interim distribution towards investments in its non-convertible debentures. The Company had already made good the loss while transferring the PF corpus to the Employees' Provident Fund Organisation (EPFO) by considering the fair value of securities at ₹ 1 each and therefore, the aforesaid receipt has been recorded as income of the Company.

**Note 29 : Cost of raw materials consumed**
**(₹ Crores)**

| Particulars                               | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| Inventory at the beginning of the year    | 362.44                       | 186.69                       |
| Add : Purchases                           | 5,020.71                     | 4,074.84                     |
|   | 5,383.15                     | 4,261.53                     |
| Less : Inventory at the end of the period | 388.97                       | 362.44                       |
| <b>Total</b>                              | <b>4,994.18</b>              | <b>3,899.09</b>              |

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#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

##### Note 30 : Changes in inventories of finished goods, work-in-progress and traded goods (₹ Crores)

| Particulars                                   | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| <b>Inventory at the beginning of the year</b> |                              |                              |
| Work-in-progress                              | 38.58                        | 36.79                        |
| Finished goods                                | 80.04                        | 113.26                       |
| Traded goods                                  | 14.82                        | 2.22                         |
|   | <u>133.44</u>                | <u>152.27</u>                |
| <b>Inventory at the end of the period</b>     |                              |                              |
| Work-in-progress                              | 38.32                        | 38.58                        |
| Finished goods                                | 177.76                       | 80.04                        |
| Traded goods                                  | 2.78                         | 14.82                        |
|   | <u>218.86</u>                | <u>133.44</u>                |
| <b>Total</b>                                  | <b>(85.42)</b>               | <b>18.83</b>                 |

##### Note 31 : Employee benefits expense (₹ Crores)

| Particulars   | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| Salaries and wages  | 495.19                       | 343.64                       |
| Contribution to provident and pension fund (refer Note 41)  | 41.18                        | 43.23                        |
| Contribution and provision towards gratuity (refer Note 41) | 15.65                        | 16.80                        |
| Employees' welfare expenses                                 | 53.60                        | 64.26                        |
|   | <u>605.62</u>                | <u>467.93</u>                |
| <b>Total</b>  | <b>605.62</b>                | <b>467.93</b>                |

##### Note 32 : Finance costs (₹ Crores)

| Particulars                                 | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| Interest on borrowings                      | 1.71                         | 0.43                         |
| Interest others                             | 1.38                         | 1.08                         |
| Bank charges and commission                 | 2.02                         | 1.80                         |
| Interest on lease liability (refer Note 39) | 0.15                         | 0.15                         |
|   | <u>5.26</u>                  | <u>3.46</u>                  |
| <b>Total</b>                                | <b>5.26</b>                  | <b>3.46</b>                  |

##### Note 33 : Depreciation and amortization (₹ Crores)

| Particulars  | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| Depreciation on property, plant and equipment (refer Note 4) | 294.81                       | 286.35                       |
| Depreciation on investment property (refer Note 6)           | 0.81                         | 0.42                         |
| Amortization on intangible assets (refer Note 7)             | 3.89                         | 3.96                         |
| Depreciation on RoU assets (refer Note 39)                   | 3.43                         | 0.96                         |
|  | <u>302.94</u>                | <u>291.69</u>                |
| <b>Total</b>   | <b>302.94</b>                | <b>291.69</b>                |



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**Note 34 : Other expenses**
**(₹ Crores)**

| Particulars   | Year Ended<br>March 31, 2023 | Year Ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| Stores, chemicals and catalysts   | <b>155.33</b>                | 146.44                       |
| Packing expenses  | <b>96.01</b>                 | 89.33                        |
| Insurance   | <b>34.46</b>                 | 35.06                        |
| Repairs and maintenance :   |                              |                              |
| - Building  | <b>13.95</b>                 | 9.00                         |
| - Plant and equipment   | <b>151.19</b>                | 131.31                       |
| - Others  | <b>7.05</b>                  | 6.10                         |
| Material handling expenses  | <b>10.90</b>                 | 10.38                        |
| Outward freight and other charges                                       | <b>79.64</b>                 | 83.36                        |
| Sales promotion expenses  | <b>7.05</b>                  | 2.02                         |
| Selling commission  | <b>0.14</b>                  | 0.30                         |
| Rates & taxes   | <b>3.92</b>                  | 4.16                         |
| Operating lease Rent  | <b>3.39</b>                  | 4.01                         |
| Printing & stationery, communication and advertisement expense          | <b>7.70</b>                  | 2.47                         |
| Traveling and conveyance expenses                                       | <b>3.17</b>                  | 1.68                         |
| Fire fighting, safety and security expenses                             | <b>9.48</b>                  | 8.30                         |
| Electricity charges   | <b>2.34</b>                  | 2.20                         |
| Professional and consultancy charges                                    | <b>4.09</b>                  | 2.88                         |
| Payment for contract services   | <b>15.90</b>                 | 16.31                        |
| Exchange variance on monetary items                                     | <b>1.59</b>                  | 2.91                         |
| Director's fees   | <b>0.22</b>                  | 0.15                         |
| Payment to auditors (refer note (a) below)                              | <b>0.45</b>                  | 0.41                         |
| Contributions towards Corporate Social Responsibilities (refer Note 40) | <b>24.27</b>                 | 9.43                         |
| Premium on forward contracts  | <b>4.69</b>                  | 5.61                         |
| Provision for doubtful debts / advances                                 | <b>5.36</b>                  | 7.20                         |
| Provision for excess inventory  | <b>5.28</b>                  | 13.00                        |
| Bad debts written off   | <b>0.34</b>                  | 0.32                         |
| Provision for Contingencies   | <b>53.27</b>                 | 55.70                        |
| Fair valuation loss on investments measured at FVTPL (net)              | <b>0.82</b>                  | -                            |
| Loss on sale of investments carried at FVTPL                            | <b>0.66</b>                  | -                            |
| Provision for Energy Savings Certificates                               | <b>0.38</b>                  | -                            |
| Inventory Written off   | <b>1.82</b>                  | 0.99                         |
| Less: Utilization of Provision for Inventory obsolescence               | <b>(1.82)</b>                | (0.87)                       |
| Assets written off  | <b>1.20</b>                  | 1.05                         |
| Miscellaneous expenses *  | <b>55.38</b>                 | 39.59                        |
| <b>Total</b>  | <b>759.62</b>                | 690.80                       |

\* Includes ₹ 38.94 crores (previous year ₹ 24.32 crores) related to by-product & waste handling expense.

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### STANDALONE

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

##### (a) Payment to auditors includes following :

(₹ Crores)

| Particulars   | Year Ended<br>March 31, 2023 | Year Ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| <b>Payments to Statutory Auditors comprise:<br/>(Net of GST Input Credit, where applicable)</b> |                              |                              |
| <b>As auditor:</b>  |                              |                              |
| (i) Statutory Audit Fees  | 0.14                         | 0.13                         |
| (ii) Limited review Fees  | 0.10                         | 0.11                         |
| <b>In other capacity:</b>   |                              |                              |
| (i) Certification fees  | 0.17                         | 0.16                         |
| (ii) Tax Audit Fees   | 0.03                         | -                            |
| <b>Reimbursement of Expenses</b>  | <b>0.01</b>                  | <b>0.01</b>                  |
| <b>Total</b>  | <b>0.45</b>                  | <b>0.41</b>                  |

The above Includes ₹ 0.14 crore paid to previous auditor during the year ended March 31, 2022.

##### Note 35 : Earning per share

| Particulars  | Unit     | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|----------|------------------------------|------------------------------|
| Net profit after tax   | ₹ Crores | 1,463.98                     | 1,703.75                     |
| Weighted average number of equity shares of nominal value of ₹ 10 each in calculating Earnings Per Share | Nos.     | 15,54,18,783                 | 15,54,18,783                 |
| Basic and diluted earnings per share   | ₹        | 94.20                        | 109.62                       |

##### Note 36 : Contingent liabilities and other commitments (to the extent not provided for)

(₹ Crores)

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>(A) Contingent liabilities</b>  |                         |                         |
| (i) Claims against the Company not acknowledged as debts<br>(In the nature of business contractual claims)                                     | 235.83                  | 254.91                  |
| (ii) Income tax assessment orders contested  | 116.42                  | 143.10                  |
| (iii) Demands in respect of Central Excise Duty, Custom Duty, Service Tax,<br>GST and Value Added Tax as estimated by the Company              | 159.61                  | 153.00                  |
| <b>Total contingent liabilities</b>  | <b>511.86</b>           | <b>551.01</b>           |
| In respect of the above, the expected outflow will be determined at the time of final resolution of the dispute.                               |                         |                         |
| <b>(B) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)</b>                    | <b>579.30</b>           | <b>162.68</b>           |
| <b>(C) Other commitments</b>   |                         |                         |
| (i) Export obligation on account of benefit of concessional rate of Custom duty availed under EPCG license scheme on imports of capital goods. | 108.14                  | 120.97                  |
| <b>Total other commitments</b>   | <b>108.14</b>           | <b>120.97</b>           |

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**Note 37 : Related party disclosures**

Related party disclosures, as required by Ind AS-24, "Related Party Disclosures", are given below:

**(₹ Crores)**

| Name of the Company                           | Nature of Relationship | Nature of Transactions         | Year Ended<br>March 31, 2023 | Year Ended<br>March 31, 2022 |
|---|------------------------|--------------------------------|------------------------------|------------------------------|
| Gujarat Green Revolution Company Limited      | Associate              | Sale of goods and services     | - *                          | - *                          |
|   |                        | Dividend received              | 0.13                         | 0.13                         |
|   |                        | Receivable as on               | - *                          | -                            |
| Gujarat State Fertilizers & Chemicals Limited | Promotor               | Purchase of goods and services | 13.69                        | 5.25                         |
|   |                        | Sale of goods and services     | - *                          | -                            |
|   |                        | Dividend received              | 1.88                         | 1.65                         |
|   |                        | Receivable as on               | 0.03                         | - *                          |
| Narmadanagar Rural Development Society        | Other related party    | Grant for CSR activities       | 23.95                        | 9.43                         |

\* Amount nullified on conversion to ₹ crores.

**(Amount ₹)**

| Name of the Person                                    | Nature of Relationship   | Nature of Transactions  | Year Ended<br>March 31, 2023 | Year Ended<br>March 31, 2022 |
|---|--------------------------|-------------------------|------------------------------|------------------------------|
| Shri Pankaj Kumar, IAS - Chairman @ (upto 31.01.2023) | Key Management Personnel | Sitting Fees            | 52,500                       | 52,500                       |
| Shri Vipul Mitra, IAS - Chairman @ (From 31.01.2023)  | Key Management Personnel | Sitting Fees            | 17,500                       | -                            |
| Shri Anil Mukim, IAS - Chairman @ (upto 03.09.2021)   | Key Management Personnel | Sitting Fees            | -                            | 35,000                       |
| Smt. Mamta Verma, IAS - Director @                    | Key Management Personnel | Sitting Fees            | 2,10,000                     | 1,92,500                     |
| Shri Mukesh Puri, IAS - Director @ (From 07.01.2021)  | Key Management Personnel | Sitting Fees            | 1,75,000                     | 1,75,000                     |
| Shri J P Gupta, IAS - Director @ (From 20.12.2021)    | Key Management Personnel | Sitting Fees            | 2,10,000                     | 35,000                       |
| Smt. Gaurikumar, IAS (Rtd.) - Director                | Key Management Personnel | Sitting Fees            | 2,45,000                     | 2,97,500                     |
| Prof. Ranjan Kumar Ghosh - Director                   | Key Management Personnel | Sitting Fees            | 3,85,000                     | 2,97,500                     |
| Shri Bhadresh Mehta (From 29.12.2021)                 | Key Management Personnel | Sitting Fees            | 3,50,000                     | 87,500                       |
| Dr. N. Ravichandran, Director (From 29.12.2021)       | Key Management Personnel | Sitting Fees            | 3,32,500                     | 87,500                       |
| Prof. Piyushkumar Sinha, Director (From 08.03.2022)   | Key Management Personnel | Sitting Fees            | 1,92,500                     | 17,500                       |
| Shri Sunil Parekh - Director (upto 30.09.2021)        | Key Management Personnel | Sitting Fees            | -                            | 2,10,000                     |
| Shri Pankaj Joshi, IAS Managing Director              | Key Management Personnel | Managerial remuneration | 78,80,435 **                 | 74,29,187 **                 |
| Shri D V Parikh (ED & CFO)                            | Key Management Personnel | Remuneration            |                              |                              |
| Shri A C Shah (GM & CS)                               | Key Management Personnel | Remuneration            |                              |                              |

@ Amount deposited in Government Treasury

\*\* ₹ 0.06 crore Outstanding payable as on March 31, 2023 (₹ 0.06 crore as on March 31, 2022).

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### STANDALONE

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

##### Note 38 : Research and development expenses

The statement of profit and loss includes following nature of research & development expenses in the respective heads:

| Particulars                                    | (₹ Crores)                   |                              |
|--|------------------------------|------------------------------|
|  | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
| Personnel expenses                             | 1.46                         | 2.03                         |
| Consumables and spares                         | 0.06                         | 0.10                         |
| Power and fuel consumption                     | 0.12                         | 0.09                         |
| <b>Total research and development expenses</b> | <b>1.64</b>                  | <b>2.22</b>                  |

##### Note 39 : Leases:

###### Company as a lessee

The Company has taken various land, warehouses, godowns, guest houses, office premises and vehicles used in its operations. These are generally cancellable having a term between one to three year extendable for further period as per the terms of rental agreements.

The Company also has certain leases of warehouses, godowns, office premises and vehicles with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised as per Ind AS 116 and the movements during the period:

| Particulars                    | (₹ Crores)    |             |          |               |
|--------------------------------|---------------|-------------|----------|---------------|
|                                | Land          | Building    | Vehicles | Total         |
| <b>As at April 01, 2021</b>    | 0.25          | 1.58        | -        | 1.83          |
| Additions                      | -             | 0.84        | -        | 0.84          |
| Deletion / Termination         | -             | (0.21)      | -        | (0.21)        |
| Depreciation for the year      | (0.02)        | (0.94)      | -        | (0.96)        |
| Dep on Disposals / termination | -             | 0.13        | -        | 0.13          |
| <b>As at March 31, 2022</b>    | <b>0.23</b>   | <b>1.40</b> | <b>-</b> | <b>1.63</b>   |
| Additions                      | -             | 1.34        | -        | 1.34          |
| Deletion / Termination         | -             | (0.37)      | -        | (0.37)        |
| Reclassification               | 217.15        | -           | -        | 217.15        |
| Depreciation for the year      | (2.54)        | (0.89)      | -        | (3.43)        |
| Dep on Disposals / termination | -             | 0.19        | -        | 0.19          |
| <b>As at March 31, 2023</b>    | <b>214.84</b> | <b>1.67</b> | <b>-</b> | <b>216.51</b> |

Set out below are the carrying amounts of lease liabilities and the movements during the period:

| Particulars                 | (₹ Crores)  |
|-----------------------------|-------------|
|                             | Amount      |
| <b>As at April 01, 2021</b> | <b>1.90</b> |
| Additions                   | 0.84        |
| Accretion of interest       | 0.15        |
| Payments                    | (1.10)      |
| Lease termination           | (0.09)      |
| <b>As at March 31, 2022</b> | <b>1.70</b> |
| Additions                   | 1.34        |
| Accretion of interest       | 0.15        |
| Payments                    | (1.03)      |
| Lease termination           | (0.19)      |
| <b>As at March 31, 2023</b> | <b>1.97</b> |
| <b>Current</b>              | <b>0.70</b> |
| <b>Non-Current</b>          | <b>1.27</b> |

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

The maturity analysis of lease liabilities are disclosed in Note 50.

The effective interest rate for lease liabilities is 8.70%, with maturity between 2020-2049

The following are the amounts recognised in Statement of profit and loss:

| Particulars  | (₹ Crores)                   |                              |
|--|------------------------------|------------------------------|
|  | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
| Depreciation expense of right-of-use assets                        | 3.43                         | 0.96                         |
| Interest expense on lease liabilities                              | 0.15                         | 0.15                         |
| Expense relating to short-term leases (included in other expenses) | 3.39                         | 4.01                         |
| <b>Total amount recognised in profit and loss</b>                  | <b>6.97</b>                  | <b>5.12</b>                  |

**Company as a lessor**

The Company has entered into operating leases on its investment property portfolio consisting of certain office. Rent income also includes rentals received from lease of office premises. These leases is generally for a period of three to four years. There are no restrictions imposed by lease arrangements.

Future minimum rentals receivable under non-cancellable operating leases as at March 31 are as follows:

| Particulars                                   | (₹ Crores)              |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
| Not later than one year                       | 2.91                    | 0.87                    |
| Later than one year not later than five years | 3.52                    | 0.79                    |
| Later than five years                         | -                       | -                       |
| <b>Total</b>                                  | <b>6.43</b>             | <b>1.66</b>             |

**Note 40 : Corporate social responsibility**

| Particulars   | (₹ Crores)                   |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
| A) Gross amount required to be spent by the Company during the year   | 24.20                        | 14.40                        |
| B) Amount spent during the year on  |                              |                              |
| (I) Construction/acquisition of any asset   | -                            | -                            |
| (II) On purposes other than (I) above (Refer below note (a))  | 24.27                        | 10.15                        |
| C) Shortfall / (excess) at the end of the year before set off   | (0.07)                       | 4.25                         |
| D) Amount available for set off for the year  | -                            | 4.25                         |
| E) Shortfall / (excess) at the end of the year after set off  | (0.07)                       | -                            |
| F) Reason for shortfall   | NA                           | NA                           |
| G) Nature of CSR activities   | Refer below<br>note (b)      | Refer below<br>note (b)      |
| H) Details of related party transactions in relation to CSR expenditure as per<br>Ind AS 24, Related Party Disclosures (Refer below note (c)) | 23.95                        | 9.43                         |

**Note (a) :**

Amount for the year ended March 31, 2022 includes ₹ 0.72 crore expenditure incurred for supply of Oxygen to various hospitals at Free of Cost.

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#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

**Note (b) :**

CSR Expenditure incurred for various activities like Women empowerment, Rural development, Livelihood enhancement, Promoting gender equality, education, Preventive healthcare and sanitation, Disaster management, Support to armed force etc.

**Note (c) :**

Represents contribution to Narmadanagar Rural Development Society (NARDES), a CSR Arm controlled by the Company to undertake various CSR activities.

**Note 41 : Gratuity and other post employment benefit plans:**

**A. Defined contribution plans:**

Amount of ₹ **41.18** crores (March 31, 2022: ₹ 43.23 crores) is recognised as expenses and included in Note No. 31 "Employee benefit expense"

| Particulars                    | (₹ Crores)                   |                              |
|--------------------------------|------------------------------|------------------------------|
|                                | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
| Provident fund                 | <b>22.30</b>                 | 23.42                        |
| Contribution to pension scheme | <b>18.88</b>                 | 19.81                        |
|                                | <b>41.18</b>                 | 43.23                        |

**B. Defined benefit plans:**

The Company has following post employment benefits which are in the nature of defined benefit plans:

(a) Gratuity

(b) Post retirement medical benefit

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity as per payment of Gratuity Act, 1972. The Scheme is funded with Gratuity Trust, which in turn makes contribution to Life Insurance Corporation of India (LIC) in the form of qualifying insurance policy for future payment of gratuity to the employees.

Each year the management reviews the level of funding in the gratuity fund. Such review includes the asset - liability matching strategy. The management decides its contributions based on the results of this review. The management aims to keep annual contributions relatively stable at a level such that no plan deficit (based on valuation performed) will arise.

The plan for the Post retirement medical benefit is unfunded.

The following table summarises the components of net benefit expense recognised in statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

## March 31, 2023 : Changes in defined benefit obligations and plan assets (₹ Crores)

|  | Cost charged to statement of profit and loss |                |                      |  | Remeasurement gains/(losses) in other comprehensive income (OCI) |  |   |   | Contributions by employer | March 31, 2023 |                        |
|--|--|----------------|----------------------|--|--|--|---|---|---------------------------|----------------|------------------------|
|  | April 01, 2022                               | Service cost   | Net interest expense | Sub-total included in statement of profit and loss | Benefit paid   | Return on plan assets (excluding amounts included in demographic net interest expense) | Actuarial changes arising from changes in demographic assumptions | Actuarial changes arising from changes in financial assumptions |                           |                | Experience adjustments |
| <b>Gratuity</b>                        |  |                |                      |  |  |  |   |   |                           |                |                        |
| Defined benefit obligation             | (292.89)                                     | (15.87)        | (21.18)              | (37.05)  | 37.59  | -  | -   | (85.50)   | 9.88                      | (75.62)        | (367.97)               |
| Fair value of plan assets              | 295.81                                       | -              | 21.39                | 21.39  | (37.59)  | (0.81)   | -   | -   | -                         | (0.81)         | 278.80                 |
| <b>Benefit (liability) / Assets</b>    | <b>2.92</b>                                  | <b>(15.87)</b> | <b>0.21</b>          | <b>(15.66)</b>                                     | <b>-</b>   | <b>(0.81)</b>  | <b>-</b>  | <b>(85.50)</b>  | <b>9.88</b>               | <b>(76.43)</b> | <b>(89.17)</b>         |
| <b>Post retirement medical benefit</b> |  |                |                      |  |  |  |   |   |                           |                |                        |
| Defined benefit obligation             | (68.22)                                      | (3.23)         | (5.05)               | (8.28)   | 3.16   | -  | -   | 1.68  | (17.17)                   | (15.49)        | (88.83)                |
| Fair value of plan assets              | -  | -              | -                    | -  | -  | -  | -   | -   | -                         | -              | -                      |
| <b>Benefit (liability) / Assets</b>    | <b>(68.22)</b>                               | <b>(3.23)</b>  | <b>(5.05)</b>        | <b>(8.28)</b>                                      | <b>3.16</b>  | <b>-</b>   | <b>-</b>  | <b>1.68</b>   | <b>(17.17)</b>            | <b>(15.49)</b> | <b>(88.83)</b>         |

## March 31, 2022 : Changes in defined benefit obligations and plan assets (₹ Crores)

|  | Cost charged to statement of profit and loss |                |                      |  | Remeasurement gains/(losses) in other comprehensive income (OCI) |  |   |   | Contributions by employer | March 31, 2022 |                        |
|--|--|----------------|----------------------|--|--|--|---|---|---------------------------|----------------|------------------------|
|  | April 01, 2021                               | Service cost   | Net interest expense | Sub-total included in statement of profit and loss | Benefit paid   | Return on plan assets (excluding amounts included in demographic net interest expense) | Actuarial changes arising from changes in demographic assumptions | Actuarial changes arising from changes in financial assumptions |                           |                | Experience adjustments |
| <b>Gratuity</b>                        |  |                |                      |  |  |  |   |   |                           |                |                        |
| Defined benefit obligation             | (309.31)                                     | (16.80)        | (21.25)              | (38.05)  | 35.31  | -  | (0.07)  | 8.85  | 10.38                     | 19.16          | (292.89)               |
| Fair value of plan assets              | 309.31                                       | -              | 21.25                | 21.25  | (35.31)  | 0.56   | -   | -   | -                         | 0.56           | 295.81                 |
| <b>Benefit (liability) / Assets</b>    | <b>-</b>                                     | <b>(16.80)</b> | <b>-</b>             | <b>(16.80)</b>                                     | <b>-</b>   | <b>0.56</b>  | <b>(0.07)</b>   | <b>8.85</b>   | <b>10.38</b>              | <b>19.72</b>   | <b>2.92</b>            |
| <b>Post retirement medical benefit</b> |  |                |                      |  |  |  |   |   |                           |                |                        |
| Defined benefit obligation             | (64.44)                                      | (3.12)         | (4.45)               | (7.57)   | 3.74   | -  | (7.18)  | 5.29  | 1.94                      | 0.05           | (68.22)                |
| Fair value of plan assets              | -  | -              | -                    | -  | -  | -  | -   | -   | -                         | -              | -                      |
| <b>Benefit (liability) / Assets</b>    | <b>(64.44)</b>                               | <b>(3.12)</b>  | <b>(4.45)</b>        | <b>(7.57)</b>                                      | <b>3.74</b>  | <b>-</b>   | <b>(7.18)</b>   | <b>5.29</b>   | <b>1.94</b>               | <b>0.05</b>    | <b>(68.22)</b>         |

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#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

| Particulars               | Year ended     | Year ended     |
|---------------------------|----------------|----------------|
|                           | March 31, 2023 | March 31, 2022 |
| Insurance fund with LIC * | 100%           | 100%           |

\* As the gratuity fund is managed by LIC, details of fund invested by insurer are not available with the Company.

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

| Particulars                            | Gratuity  |   | Post retirement medical benefit                           |   |
|--|---|---|---|---|
|  | Year ended<br>March 31, 2023                              | Year ended<br>March 31, 2022                              | Year ended<br>March 31, 2023                              | Year ended<br>March 31, 2022                              |
| Discount rate                          | 7.48%   | 7.27%   | 7.53%   | 7.40%   |
| Future salary increase                 | 9% and 7% as<br>per category                              | 9% and 7% as<br>per category                              | N.A   | N.A   |
| Medical Inflation Rate                 | N.A   | N.A   | 5.00%   | 5.00%   |
| Expected rate of return on plan assets | 7.48%   | 7.27%   | N.A   | N.A   |
| Employee Turnover Rate                 | 10% and 1% as<br>per category                             | 10% and 1% as<br>per category                             | 1.00%   | 1.00%   |
| Mortality rate during employment       | Indian Assured<br>Lives Mortality<br>(2012-14)<br>(Urban) | Indian Assured<br>Lives Mortality<br>(2012-14)<br>(Urban) | Indian Assured<br>Lives Mortality<br>(2012-14)<br>(Urban) | Indian Assured<br>Lives Mortality<br>(2012-14)<br>(Urban) |
| Mortality rate after employment        | N.A   | N.A   | Indian Individual<br>AMT (2012-15)                        | Indian Individual<br>AMT (2012-15)                        |

A quantitative sensitivity analysis for significant assumption is as shown below:

(₹ Crores)

| Particulars            | Sensitivity<br>level | Increase / (decrease) in defined benefit obligation (Impact) |                              |                                 |                              |
|------------------------|----------------------|--|------------------------------|---------------------------------|------------------------------|
|                        |                      | Gratuity   |                              | Post retirement medical benefit |                              |
|                        |                      | Year ended<br>March 31, 2023                                 | Year ended<br>March 31, 2022 | Year ended<br>March 31, 2023    | Year ended<br>March 31, 2022 |
| Discount rate          | 1% increase          | (19.48)  | (19.85)                      | (11.38)                         | (9.04)                       |
|                        | 1% decrease          | 22.90  | 23.25                        | 14.45                           | 11.54                        |
| Salary increase        | 1% increase          | 22.77  | 23.08                        | N.A                             | N.A                          |
|                        | 1% decrease          | (23.50)  | (20.07)                      | N.A                             | N.A                          |
| Medical cost inflation | 1% increase          | N.A  | N.A                          | 14.68                           | 11.71                        |
|                        | 1% decrease          | N.A  | N.A                          | (11.72)                         | (9.30)                       |
| Employee turnover      | 1% increase          | 1.05   | 0.64                         | (3.60)                          | (3.00)                       |
|                        | 1% decrease          | (5.22)   | (0.76)                       | 4.33                            | 3.60                         |



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**The followings are the expected future benefit payments for the defined benefit plan : (₹ Crores)**

| Particulars   | Gratuity                     |                              | Post retirement medical benefit |                              |
|---|------------------------------|------------------------------|---------------------------------|------------------------------|
|   | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 | Year ended<br>March 31, 2023    | Year ended<br>March 31, 2022 |
| Within the next 12 months<br>(next annual reporting period) | <b>35.56</b>                 | 37.17                        | <b>3.15</b>                     | 2.21                         |
| Between 2 and 5 years                                       | <b>101.93</b>                | 113.63                       | <b>16.25</b>                    | 11.72                        |
| Between 6 and 10 years                                      | <b>124.13</b>                | 126.40                       | <b>28.85</b>                    | 21.37                        |
| <b>Total expected payments</b>                              | <b>261.62</b>                | 277.20                       | <b>48.25</b>                    | 35.30                        |

**Weighted average duration of defined plan obligation (based on discounted cash flows) (Years)**

| Particulars                        | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|------------------------------------|------------------------------|------------------------------|
| Gratuity                           | <b>9</b>                     | 9                            |
| Post retirement benefit obligation | <b>16</b>                    | 16                           |

**The followings are the expected contributions to planned assets for the next year: (₹ Crores)**

| Particulars                     | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---------------------------------|------------------------------|------------------------------|
| Gratuity                        | <b>14.15</b>                 | 12.95                        |
| Post retirement medical benefit | -                            | -                            |

**Note 42 : Investments in Subsidiary and Associates**

| Name of Entity                           | Relationship | Place of<br>Business | Ownership      |                |
|--|--------------|----------------------|----------------|----------------|
|  |              |                      | March 31, 2023 | March 31, 2022 |
| Gujarat Ncode Solutions Limited *        | Subsidiary   | India                | <b>NIL</b>     | NIL            |
| Gujarat Green Revolution Company Limited | Associate    | India                | <b>46.87%</b>  | 46.87%         |

\* The Name of the Company's wholly owned subsidiary – "Gujarat Ncode Solutions Limited", has been strike off by the Register of Companies vide its Order dated September 25, 2021.

Note: Method of accounting of investments in subsidiary and associate company is at cost.

**NOTE 43 (A) :**

In earlier year, Hon'ble High Court of Gujarat has sanctioned the Scheme of Arrangement and Demerger for transfer of V-SAT/ISP Gateway Business of the Company to ING Satcom Ltd., an unlisted Company against cash consideration of ₹ 6 crores vide its Common Oral Order dated June 15, 2012.

The "Appointed Date" of the Scheme is 1st April, 2010.

Subsequent to the Order passed by the Hon'ble High Court of Gujarat, sanctioning the Scheme of Demerger, two separate applications for transfer of V-SAT and ISP Gateway Licences standing in the name of the Company to the name of Transferee Company viz. ING Satcom Limited were submitted to Department of Telecommunications (DOT) on January 31, 2013 which are still pending for approval before DOT.

As per the legal opinion taken by the Company from the consultant, though the Scheme has been sanctioned by the Hon'ble High Court of Gujarat and has become effective, the scheme is subject to and conditional upon the approval of the Government Authorities for transfer of Licences from the Company to ING Satcom Limited.

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#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

During the year 2014-15, an agreement-Cum-Indemnity Bond was executed on 12.04.2014 between the Company and ING Satcom Limited whereby, pending transfer of Licences, the assets of demerged business (other than Licences) have been handed over to ING Satcom Limited subject to certain terms and conditions, inter alia, including the terms of settling the transaction under different eventualities of rejection of transfer applications / non-transfer of Licences by 31.12.2014.

Since disposal of applications for transfer of Licences in the name of ING Satcom Limited by the competent authorities as well as settlement of transaction between the Company and ING Satcom Limited are still pending, no accounting treatment is given in the books of account of the Company since 2014-15 till the financial year ended 31.03.2023.

Necessary accounting treatment will be given in the books of accounts of the Company either on disposal of applications for transfer of Licences in the name of ING Satcom Limited by the competent authorities or on finalization of settlement of transaction with ING Satcom Limited. The amount received is classified under other current liabilities (refer Note 24).

#### NOTE 43(B) : Demand Notice from Department of Telecommunication (DoT)

During the current year, the Company has received updated Demand Notice of ₹ 21,370 crores from the Department of Telecommunications (DoT), Ministry of Communications, Government of India, Gujarat Telecom Circle, Ahmedabad, vide its letters dated July 15, 2022 towards the license fee (including interest and penalty computed till November 30, 2021) in respect of "Very Small Aperture Terminal" (V-SAT) License and "Category A - Internet Service Provider" (ISP) License for the financial years from FY 2005-06 to FY 2019-20. Earlier, the Company had also received an initial Demand Notice from DOT dated March 05, 2020 and December 23, 2019 for amounting to ₹ 16,359 crores and ₹ 15,020 crores, respectively (including interest and penalty). The Company has made representations to the DoT against the said demand notices.

The Company has evaluated the assessment made by DoT for raising the above demand notices based on the Adjusted Gross Revenue (AGR) judgement of Hon'ble Supreme Court of India on October 24, 2019. Aggrieved by the above demands, the Company had submitted various representations dated January 06, 2020, February 21, 2020, April 03, 2020 and March 04, 2022 to the DoT requesting reconsideration and withdrawal of the Demands raised by the DoT including the revenues of the Company from Fertilizers and Chemicals Business which is completely unconnected to VSAT and ISP Licenses.

Hon'ble Supreme Court vide its Order dated June 11, 2020 directed DoT to reconsider the demand raised on Public Sector Undertakings ("PSUs"), which are not in business of mobile services to the general public.

The Telecom Disputes Settlement & Appellate Tribunal (TDSAT), in its Order dated 28th February, 2022 in the case of Netmagic Solutions Pvt. Ltd., a private limited company, held that there is no scope to differentiate between two sets of licensees having same or similar Licenses only on the basis of their ownership, private or public and set aside the demand raised by the DoT.

Based on the legal assessment in consultation with Senior Advocates, the Company believes that it has strong grounds on merits to contest the demand raised by the DoT and defend itself in the matter. Accordingly, this amount is neither provided in books of accounts nor considered under Contingent liability.

#### Note 44 : Ageing for trade receivables

44.1 : Ageing for trade receivables as at March 31, 2023 is as follows :

(₹ Crores)

| Particulars                   | Outstanding for following periods from due date of payment |                    |                    |              |              |                   | Grand Total   |
|-------------------------------|--|--------------------|--------------------|--------------|--------------|-------------------|---------------|
|                               | Not due  | Less than 6 Months | 6 months to 1 year | 1 to 2 years | 2 to 3 years | more than 3 years |               |
| <b>Trade Receivables</b>      |  |                    |                    |              |              |                   |               |
| Undisputed, considered Good   | 88.50  | 23.35              | 5.16               | 4.24         | 1.38         | -                 | 122.63        |
| Undisputed, Credit Impaired   | -  | -                  | -                  | 0.02         | 0.01         | 0.02              | 0.05          |
| Disputed, considered Good     | -  | -                  | -                  | -            | 1.36         | 8.74              | 10.10         |
| Disputed, Credit Impaired     | -  | -                  | -                  | -            | 0.04         | 4.13              | 4.17          |
| <b>Subsidy receivable</b>     |  |                    |                    |              |              |                   |               |
| Undisputed, considered Good   | -  | 194.24             | -                  | 50.52        | -            | -                 | 244.76        |
| Disputed, Credit Impaired     | -  | -                  | -                  | -            | -            | -                 | -             |
| <b>Total as on 31.03.2023</b> | <b>88.50</b>   | <b>217.59</b>      | <b>5.16</b>        | <b>54.78</b> | <b>2.79</b>  | <b>12.89</b>      | <b>381.71</b> |

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**44.2 : Ageing for trade receivables as at March 31, 2022 is as follows :** (₹ Crores)

| Particulars                   | Not due       | Outstanding for following periods from due date of payment |                    |              |              |                   | Grand Total   |
|-------------------------------|---------------|--|--------------------|--------------|--------------|-------------------|---------------|
|                               |               | Less than 6 Months   | 6 months to 1 year | 1 to 2 years | 2 to 3 years | more than 3 years |               |
| <b>Trade Receivables</b>      |               |  |                    |              |              |                   |               |
| Undisputed, considered Good   | 108.51        | 18.09  | 6.59               | 3.38         | 1.74         | -                 | 138.31        |
| Undisputed, Credit Impaired   | -             | -  | -                  | -            | 1.84         | 4.01              | 5.85          |
| Disputed, considered Good     | -             | 0.13   | 1.01               | 3.78         | 2.03         | 0.02              | 6.97          |
| Disputed, Credit Impaired     | -             | -  | -                  | -            | 1.95         | 10.83             | 12.78         |
| <b>Subsidy receivable</b>     |               |  |                    |              |              |                   |               |
| Undisputed, considered Good   | -             | 479.82   | -                  | -            | -            | -                 | 479.82        |
| Disputed, considered Good     | -             | -  | -                  | -            | -            | 0.95              | 0.95          |
| <b>Total as on 31.03.2022</b> | <b>108.51</b> | <b>498.04</b>  | <b>7.60</b>        | <b>7.16</b>  | <b>7.56</b>  | <b>15.81</b>      | <b>644.68</b> |

**Note 45 : Ageing for trade Payable**
**45.1 : Ageing for trade payables as at March 31, 2023 is as follows :** (₹ Crores)

| Particulars           | Not due       | Outstanding for following periods from due date of payment |             |              |                   | Grand Total   |
|-----------------------|---------------|--|-------------|--------------|-------------------|---------------|
|                       |               | Less than 1 year   | 1 to 2 year | 2 to 3 years | more than 3 years |               |
| <b>Trade Payables</b> |               |  |             |              |                   |               |
| Undisputed - MSME     | 37.25         | 1.73   | 0.29        | -            | 6.59              | 45.86         |
| Undisputed - Others   | 459.55        | 23.64  | 6.49        | 14.85        | 14.48             | 519.01        |
| Disputed - MSME       | -             | -  | -           | -            | -                 | -             |
| Disputed - Others     | -             | 0.55   | 0.69        | 0.45         | 11.15             | 12.84         |
| <b>Total - MSME</b>   | <b>37.25</b>  | <b>1.73</b>  | <b>0.29</b> | <b>-</b>     | <b>6.59</b>       | <b>45.86</b>  |
| <b>Total - Others</b> | <b>459.55</b> | <b>24.19</b>   | <b>7.18</b> | <b>15.30</b> | <b>25.63</b>      | <b>531.85</b> |

**45.2 : Ageing for trade payables as at March 31, 2022 is as follows :** (₹ Crores)

| Particulars           | Not due       | Outstanding for following periods from due date of payment |              |              |                   | Grand Total   |
|-----------------------|---------------|--|--------------|--------------|-------------------|---------------|
|                       |               | Less than 1 year   | 1 to 2 year  | 2 to 3 years | more than 3 years |               |
| <b>Trade Payables</b> |               |  |              |              |                   |               |
| Undisputed - MSME     | 18.97         | 2.00   | 0.04         | 0.30         | 5.19              | 26.50         |
| Undisputed - Others   | 494.64        | 68.52  | 19.65        | 13.23        | 10.91             | 606.95        |
| Disputed - MSME       | -             | -  | -            | -            | 1.64              | 1.64          |
| Disputed - Others     | -             | 0.46   | 0.45         | 0.40         | 11.38             | 12.69         |
| <b>Total - MSME</b>   | <b>18.97</b>  | <b>2.00</b>  | <b>0.04</b>  | <b>0.30</b>  | <b>6.83</b>       | <b>28.14</b>  |
| <b>Total - Others</b> | <b>494.64</b> | <b>68.98</b>   | <b>20.10</b> | <b>13.63</b> | <b>22.29</b>      | <b>619.64</b> |

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#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

##### Note 46 : Segment Information

**Operating Segments:** The identified reportable segments are Fertilizers, Chemicals and Others in terms of the requirements of Ind AS 108 "Operating Segments" as notified under section 133 of the Companies Act, 2013. Other Segment mainly includes Information Technology division activities and neem product related activities.

**Identification of Segments:** The chief operational decision maker monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements, Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

**Segment revenue and results:** The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure and unallocable income.

**Segment assets and liabilities:** Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipment, trade receivables, inventory and other operating assets. Segment liabilities primarily include trade payable and other liabilities. Common assets and liabilities which cannot be allocated to any of the business segments are shown as unallocable assets / liabilities.

**Inter Segment transfer:** Inter Segment revenues are recognised at sales price. The same is based on market price and business risks. Profit or loss on inter segment transfer are eliminated at the Company level.

Summary of segment information is given below:

##### Note 46.1: Financial information about the primary business segment's Revenue & Results :

(₹ Crores)

|                        | Fertilizers     |                 | Chemicals       |                 | Others       |              | Total            |                 |
|------------------------|-----------------|-----------------|-----------------|-----------------|--------------|--------------|------------------|-----------------|
|                        | 2022-23         | 2021-22         | 2022-23         | 2021-22         | 2022-23      | 2021-22      | 2022-23          | 2021-22         |
| <b>A REVENUE:</b>      |                 |                 |                 |                 |              |              |                  |                 |
| External sales revenue | 3,654.55        | 2,451.72        | 6,483.69        | 6,102.31        | 88.69        | 88.26        | 10,226.93        | 8,642.29        |
| Intersegment revenue   | -               | -               | -               | -               | -            | -            | -                | -               |
| <b>Total Revenue</b>   | <b>3,654.55</b> | <b>2,451.72</b> | <b>6,483.69</b> | <b>6,102.31</b> | <b>88.69</b> | <b>88.26</b> | <b>10,226.93</b> | <b>8,642.29</b> |
| <b>B RESULT:</b>       |                 |                 |                 |                 |              |              |                  |                 |
| Segment result         | (161.10)        | (91.88)         | 1,848.99        | 2,263.01        | 28.12        | 24.66        | 1,716.01         | 2,195.79        |
| Unallocable income     |                 |                 |                 |                 |              |              | 268.97           | 131.49          |
| Unallocable expenses   |                 |                 |                 |                 |              |              | (48.17)          | (25.77)         |
| Operating profit       |                 |                 |                 |                 |              |              | 1,936.81         | 2,301.51        |
| Finance costs          |                 |                 |                 |                 |              |              | (5.26)           | (3.46)          |
| Profit before tax      |                 |                 |                 |                 |              |              | 1,931.55         | 2,298.05        |

##### Note 46.2: Financial information about the primary business segment's assets and liabilities :

(₹ Crores)

| Assets & Liabilities   | Fertilizers As at |               | Chemicals As at |                 | Others As at |              | Total As at     |                 |
|--|-------------------|---------------|-----------------|-----------------|--------------|--------------|-----------------|-----------------|
|  | 31-03-2023        | 31-03-2022    | 31-03-2023      | 31-03-2022      | 31-03-2023   | 31-03-2022   | 31-03-2023      | 31-03-2022      |
| Segment assets   | 1,747.68          | 2,043.87      | 2,687.13        | 2,630.80        | 141.56       | 291.50       | 4,576.37        | 4,966.17        |
| Segment liabilities  | (1,273.42)        | (1,268.35)    | (720.40)        | (590.74)        | (109.59)     | (245.55)     | (2,103.41)      | (2,104.64)      |
| Other unallocable corporate assets                           | -                 | -             | -               | -               | -            | -            | 7,020.41        | 5,677.03        |
| Other unallocable corporate liabilities                      | -                 | -             | -               | -               | -            | -            | (487.01)        | (639.72)        |
| <b>Total capital employed</b>                                | <b>474.26</b>     | <b>775.52</b> | <b>1,966.73</b> | <b>2,040.06</b> | <b>31.97</b> | <b>45.95</b> | <b>9,006.36</b> | <b>7,898.84</b> |
| <b>Capital assets/ expenditure incurred during the year:</b> |                   |               |                 |                 |              |              |                 |                 |
| Capital assets including capital work in progress            | 22.63             | 15.92         | 99.42           | 97.32           | 2.84         | 0.62         | 124.89          | 113.86          |
| Other unallocable capital expenditures                       | -                 | -             | -               | -               | -            | -            | 31.28           | 13.17           |
| <b>Total</b>   | <b>22.63</b>      | <b>15.92</b>  | <b>99.42</b>    | <b>97.32</b>    | <b>2.84</b>  | <b>0.62</b>  | <b>156.17</b>   | <b>127.03</b>   |

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

**Note 47 : Additional Regulatory Information : Ratios**

| Sr No. | Ratio   | Units | Numerator  | Denominator  | Current Year | Previous Year | % Variance | Reason for Variance  |
|--------|---|-------|--|--|--------------|---------------|------------|--|
| 1      | Current Ratio                                     | Times | Total current assets   | Total current liability  | 3.77         | 3.58          | 5.31%      |  |
| 2      | Debt-Equity Ratio                                 | Times | Total current assets<br>Debt consist of Borrowings   | Total equity   | -            | -             | 0.00%      |  |
| 3      | Debt Service Coverage Ratio                       | Times | Net Profit after Tax for the year + Depreciation & Amortization + Interest   | Finance cost (excluding bank charges and commission) + Principal repayment         | 544.66       | 1154.39       | (52.82%)   | Due to lower profit, debt service coverage ratio is reduced.   |
| 4      | Return On Equity                                  | %     | Net Profit after Tax for the year  | Average total equity   | 17.32%       | 24.55%        | (29.45%)   | Due to lower Net Profit of FY 2022-23.   |
| 5      | Inventory Turnover Ratio                          | Times | Revenue from operations  | Average inventory  | 9.74         | 9.65          | 0.93%      |  |
| 6      | Trade Receivables turnover Ratio                  | Times | Revenue from operations  | Average trade receivables  | 20.61        | 15.23         | 35.33%     | Due to decrease in average trade receivables due to realisation during the year and improved revenue from operation due to better market conditions. |
| 7      | Trade Payables Turnover ratio                     | Times | Total Purchases **   | Average Trade Payable  | 12.67        | 11.19         | 13.23%     |  |
| 8      | Net Capital Turnover Ratio                        | Times | Revenue from operation   | Average working capital (i.e. Total current assets less total current liabilities) | 2.88         | 2.88          | 0.00%      |  |
| 9      | Net Profit Ratio                                  | %     | Net Profit after Tax for the year  | Revenue from operation   | 14.31%       | 19.71%        | (27.40%)   | Due to decrease in net profit of FY 2022-23.   |
| 10     | Return On Capital Employed                        | %     | Profit before tax and finance cost   | Capital Employed = Total Equity + Borrowings + Deferred tax liabilities            | 20.71%       | 27.66%        | (25.13%)   | Due to decrease in profit before tax of FY 2022-23.  |
| 11     | Return On Investment                              | %     | Dividend income + Gain / loss on fair value of investments   | Value of investments at the beginning of the year                                  | (16.18%)     | 41.48%        | (139.01%)  | Impact of change in market price.  |
| a      | Return on quoted equity investments               | %     | Dividend income + Gain / loss on fair value of investments   | Value of investments at the beginning of the year                                  | (11.04%)     | 55.35%        | (119.95%)  | Due to decrease in fair value of the investments.  |
| b      | Return on Unquoted equity investments             | %     | Dividend income + Gain / loss on fair value of investments   | Value of investments at the beginning of the year                                  | 6.03%        | 6.06%         | (0.50%)    |  |
| c      | Return on government securities at FVTPL          | %     | Interest income + Gain / loss on fair value of current investment at Fair value through Profit & Loss + Gain / loss on sale / redemption of investment | Value of investments at the beginning of the year                                  | 17.87%       | 10.59%        | 68.74%     | During the year due to partial realization of IL&FS Securities, the gain was higher resulting into higher return.                                    |
| d      | Return on Debentures                              | %     | Interest income  | Cost of investments  | 7.38%        | N.A.          | 100.00%    | Return on Government securities Acquired during the year.  |
| e      | Return on government securities at Amortized cost | %     | Interest income  | Cost of investments  |              |               |            |  |

\*\* Total Purchases = Purchase of Raw material + Purchase of traded goods + Purchase of goods and services (IT division) + Power, fuel and other utilities + Adjusted Other Expense (Total other expenses - Provision for doubtful debts / advances - Provision for excess inventory - Bad debts written off - Provision for Contingencies - Inventory Written off - Assets written off - Contributions towards Corporate Social Responsibilities - Premium Amortized on Investment in G-Secs - Director's fees - Fair valuation loss on investments measured at FVTPL (net))



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#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

##### Note 48 : Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below.

(₹ Crores)

| Particulars  | FVTOCI Reserve                  |                                 | Retained Earnings               |                                 | Total                           |                                 |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|  | Year Ended<br>March 31,<br>2023 | Year Ended<br>March 31,<br>2022 | Year Ended<br>March 31,<br>2023 | Year Ended<br>March 31,<br>2022 | Year Ended<br>March 31,<br>2023 | Year Ended<br>March 31,<br>2022 |
| Re-measurement gain on defined benefit plans (net of tax)      | -                               | -                               | (68.79)                         | 14.79                           | (68.79)                         | 14.79                           |
| Net (loss) / gain on FVTOCI on equity Investments (net of tax) | (132.25)                        | 320.97                          | -                               | -                               | (132.25)                        | 320.97                          |
|  | (132.25)                        | 320.97                          | (68.79)                         | 14.79                           | (201.04)                        | 335.76                          |

##### Note 49 : Details of hedged and unhedged exposure in foreign currency (FC) denominated monetary items :

###### (a) Exposure in foreign currency - Hedged

###### (i) Amounts Payable in Foreign Currency :

| Particulars                  | As at March 31, 2023 |                 | As at March 31, 2022 |                 |
|------------------------------|----------------------|-----------------|----------------------|-----------------|
|                              | ₹ Crores             | Amount in FC    | ₹ Crores             | Amount in FC    |
| Payables for import *        | 162.82               | USD 1,96,23,900 | 130.19               | USD 1,72,12,000 |
| Payables for future import * | 1.33                 | USD 1,61,000    | 9.29                 | USD 12,12,000   |
| Payables for future import * | 6.95                 | Euro 7,58,000   | 2.35                 | Euro 2,74,000   |

\* The above payable amounts are hedged against Forward exchange Contracts.

###### (ii) Amounts receivable in foreign currency :

| Particulars                      | As at March 31, 2023 |              | As at March 31, 2022 |              |
|----------------------------------|----------------------|--------------|----------------------|--------------|
|                                  | ₹ Crores             | Amount in FC | ₹ Crores             | Amount in FC |
| Cash and cash equivalents (EEFC) | 0.32                 | USD 38,837   | 1.29                 | USD 1,71,188 |

###### (b) Exposure in foreign currency - Unhedged

###### (i) Amounts payable in foreign currency :

| Particulars         | As at March 31, 2023 |               | As at March 31, 2022 |               |
|---------------------|----------------------|---------------|----------------------|---------------|
|                     | ₹ Crores             | Amount in FC  | ₹ Crores             | Amount in FC  |
| Payables for Import | 0.90                 | Euro 99,161   | 6.34                 | Euro 7,41,560 |
| Payables for Import | 13.16                | USD 15,91,206 | 8.95                 | USD 11,73,763 |
| Payables for Import | 0.28                 | GBP 27,540    | 0.28                 | GBP 27,540    |
| Payables for Import | -                    | CHF -         | - *                  | CHF 217       |
| Payables for Import | -                    | AUD -         | 0.04                 | AUD 6,500     |

\* Amount nullified on conversion to ₹ crores

###### (ii) Amounts receivable in foreign currency :

| Particulars            | As at March 31, 2023 |              | As at March 31, 2022 |              |
|------------------------|----------------------|--------------|----------------------|--------------|
|                        | ₹ Crores             | Amount in FC | ₹ Crores             | Amount in FC |
| Receivables for export | 0.33                 | USD 39,900   | 0.92                 | USD 1,22,100 |

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The following significant exchange rates have been applied during the year:

| INR           | Year end spot rate                                 |                                      |
|---------------|--|--------------------------------------|
|               | March 31, 2023                                     | March 31, 2022                       |
| <b>USD 1</b>  | <b>Import - ₹ 82.69</b><br><b>Export - ₹ 82.34</b> | Import - ₹ 76.27<br>Export - ₹ 75.29 |
| <b>EURO 1</b> | <b>₹ 90.59</b>                                     | ₹ 85.53                              |
| <b>GBP 1</b>  | <b>₹ 102.59</b>                                    | ₹ 100.12                             |
| <b>CHF 1</b>  | <b>N.A</b>   | ₹ 82.84                              |
| <b>AUD 1</b>  | <b>N.A</b>   | ₹ 57.37                              |

**Note 50 : Financial Instruments, Fair Value Measurements, Financial Risk and Capital Management :**
**50.1 : Category-wise classification of financial instruments:**
**(₹ Crores)**

| Particulars   | Refer Note | As at March 31, 2023                          |                                   |                 |                 |
|---|------------|---|-----------------------------------|-----------------|-----------------|
|   |            | Fair Value through other Comprehensive income | Fair Value through profit or loss | Amortised cost  | Carrying Value  |
| <b>Financial assets</b>   |            |   |                                   |                 |                 |
| Cash and cash equivalents   | 14         | -   | -                                 | 56.20           | 56.20           |
| Other bank balances   | 15         | -   | -                                 | 1,937.71        | 1,937.71        |
| Investments in equity shares (other than investment in subsidiary & associate entity) | 8          | 997.82  | -                                 | -               | 997.82          |
| Investments in unquoted equity shares of subsidiary entity and associate entity       | 8          | -   | -                                 | 1.25            | 1.25            |
| Investments in unquoted debentures, Govt Securities & State development Loans         | 8          | -   | 26.70                             | 2,080.67        | 2,107.37        |
| Trade receivables   | 11         | -   | -                                 | 367.44          | 367.44          |
| Loans and advances  | 9          | -   | 131.08                            | 800.00          | 931.08          |
| Other financial assets  | 10         | -   | -                                 | 230.68          | 230.68          |
| <b>Total</b>  |            | <b>997.82</b>                                 | <b>157.78</b>                     | <b>5,473.95</b> | <b>6,629.55</b> |
| <b>Financial liabilities</b>  |            |   |                                   |                 |                 |
| Borrowings  | 18         | -   | -                                 | 0.01            | 0.01            |
| Trade payables  | 20         | -   | -                                 | 577.71          | 577.71          |
| Derivatives instruments not designated as hedge                                       | 21         | -   | 1.14                              | -               | 1.14            |
| Lease liability   | 39         | -   | -                                 | 1.97            | 1.97            |
| Other financial liabilities   | 21         | -   | -                                 | 340.74          | 340.74          |
| <b>Total</b>  |            | <b>-</b>                                      | <b>1.14</b>                       | <b>920.43</b>   | <b>921.57</b>   |

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### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ Crores)

| Particulars   | Refer Note | As at March 31, 2022                          |                                   |                 |                 |
|---|------------|---|-----------------------------------|-----------------|-----------------|
|   |            | Fair Value through other Comprehensive income | Fair Value through profit or loss | Amortised cost  | Carrying Value  |
| <b>Financial assets</b>   |            |   |                                   |                 |                 |
| Cash and cash equivalents   | 14         | -   | -                                 | 72.71           | 72.71           |
| Other bank balances   | 15         | -   | -                                 | 1,109.23        | 1,109.23        |
| Investments in equity shares (other than investment in subsidiary & associate entity) | 8          | 1,155.70                                      | -                                 | -               | 1,155.70        |
| Investments in unquoted equity shares of subsidiary entity and associate entity       | 8          | -   | -                                 | 1.25            | 1.25            |
| Investments in unquoted debentures, Govt Securities & State development Loans         | 8          | -   | 64.81                             | -               | 64.81           |
| Trade receivables   | 11         | -   | -                                 | 625.10          | 625.10          |
| Loans and advances  | 9          | -   | 128.08                            | 2,400.00        | 2,528.08        |
| Other financial assets  | 10         | -   | -                                 | 182.21          | 182.21          |
| <b>Total</b>  |            | <b>1,155.70</b>                               | <b>192.89</b>                     | <b>4,390.50</b> | <b>5,739.09</b> |
| <b>Financial liabilities</b>  |            |   |                                   |                 |                 |
| Borrowings  | 18         | -   | -                                 | 0.07            | 0.07            |
| Trade payables  | 20         | -   | -                                 | 647.78          | 647.78          |
| Lease Liability   | 39         | -   | -                                 | 1.70            | 1.70            |
| Derivatives instruments not designated as hedge                                       | 21         | -   | 0.24                              | -               | 0.24            |
| Other financial liabilities   | 21         | -   | -                                 | 421.71          | 421.71          |
| <b>Total</b>  |            | <b>-</b>                                      | <b>0.24</b>                       | <b>1,071.26</b> | <b>1,071.50</b> |

#### 50.2 : Fair value measurements:

##### a) Quantitative disclosures of fair value measurement hierarchy for financial assets and financial liabilities

The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities:

(₹ Crores)

| Particulars  | As at March 31, 2023                     |   |   |                 | As at March 31, 2022                     |   |   |                 |
|--|--|---|---|-----------------|--|---|---|-----------------|
|  | Significant observable inputs (Level 1*) | Significant observable inputs (Level 2) | Significant observable inputs (Level 3) | Total           | Significant observable inputs (Level 1*) | Significant observable inputs (Level 2) | Significant observable inputs (Level 3) | Total           |
| <b>Financial assets measured at fair value</b>   |  |   |   |                 |  |   |   |                 |
| Investment in quoted equity investments measured at FVTOCI (refer Note 8)                    | 416.49                                   | -                                       | -                                       | 416.49          | 499.98                                   | -                                       | -                                       | 499.98          |
| Investment in unquoted equity investments measured at FVTOCI (refer Note 8)                  | -  | -                                       | 581.33                                  | 581.33          | -  | -                                       | 655.72                                  | 655.72          |
| Investments in unquoted debentures, Govt Securities & State development Loans (refer Note 8) | -  | -                                       | 26.70                                   | 26.70           | -  | -                                       | 64.81                                   | 64.81           |
| Loans and advances (refer Note 9)  | -  | -                                       | 131.08                                  | 131.08          | -  | -                                       | 128.08                                  | 128.08          |
| <b>Total</b>   | <b>416.49</b>                            | <b>-</b>                                | <b>739.11</b>                           | <b>1,155.60</b> | <b>499.98</b>                            | <b>-</b>                                | <b>848.61</b>                           | <b>1,348.59</b> |
| <b>Financial liabilities measured at fair value:</b>   |  |   |   |                 |  |   |   |                 |
| Derivative instruments (refer Note 21)   | -  | 1.14                                    | -                                       | 1.14            | -  | 0.24                                    | -                                       | 0.24            |
| <b>Total</b>   | <b>-</b>                                 | <b>1.14</b>                             | <b>-</b>                                | <b>1.14</b>     | <b>-</b>                                 | <b>0.24</b>                             | <b>-</b>                                | <b>0.24</b>     |
| <b>Asset for which fair values are disclosed :</b>   |  |   |   |                 |  |   |   |                 |
| Investment properties (refer Note 6)   | -  | -                                       | 111.55                                  | 111.55          | -  | -                                       | 85.20                                   | 85.20           |

\*The fair value of the quoted equity investments are derived from quoted market prices in active market.



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**b) Description of significant unobservable inputs to valuation:**

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2023 and March 31, 2022 are as shown below:

| Particulars  | Valuation Technique  | Significant unobservable input | Range (weighted average)   | Sensitivity of the input to fair value   |
|--|--|--------------------------------|--|--|
| FVTOCI assets in unquoted equity shares (Gujarat State Petroleum Corporation Limited)  | Market Approach - Comparable Companies - Multiple - ("CCM") Method | Gas marketing business         | 10% increase (decrease) in the Gas marketing business would result in increase / (decrease) in fair value as of March 31, 2023 : ₹ 1.46 crores (₹ 1.46 crores).<br>10% increase (decrease) in the Gas marketing business would result in increase / (decrease) in fair value as of March 31, 2022 : ₹ 1.39 crores (₹ 1.39 crores). |  |
| FVTOCI assets in unquoted equity shares (Gujarat Chemical Port Limited) (Formerly known as Gujarat Chemical Port Terminal Company Limited) | Market Approach - Comparable companies                             | Market Multiple Discount       | 31 March 2023 : 25% - 35% (30%)<br>31 March 2022 : 25% - 35% (30%)   | 5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2023 : ₹ 44.70 crores (₹ 44.89 crores)<br>{5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2022 : ₹ 42.68 crores (₹ 43.41 crores)}   |
|  |  | EBITDA (₹ Crores)              | 31 March 2023 : ₹ 355.60 crores - ₹ 393.04 crores (₹ 374.32 crores)<br>31 March 2022 : ₹ 341.98 crores - ₹ 377.98 crores (₹ 359.98 crores)   | ₹ 18.72 crores increase / decrease in the EBITDA would result in increase / (decrease) in fair value as of March 31, 2023 : ₹ 22.44 crores (₹ 22.26 crores)<br>{₹ 18 crores increase / decrease in the EBITDA would result in increase / (decrease) in fair value as of March 31, 2022 : ₹ 26.31 crores (₹ 25.39 crores)}                  |
| FVTOCI assets in unquoted equity shares (Gujarat Venture Finance Limited)  | Cost Approach - Net asset value                                    | Share holders fund (₹ Crores)  | 31 March 2023 : ₹ 32.11 crores - ₹ 35.49 crores (₹ 33.80 crores)<br>31 March 2022 : ₹ 36.20 crores - ₹ 40.00 crores (₹ 38.10 crores)   | ₹ 1.69 crores increase / decrease in the shareholders fund would result in increase / (decrease) in fair value as of March 31, 2023 by ₹ 0.02 crore (₹ 0.02 crore)<br>{₹ 1.90 crores increase / decrease in the shareholders fund would result in increase / (decrease) in fair value as of March 31, 2022 by ₹ 0.03 crore (₹ 0.03 crore)} |
|  |  | Discount to Book Value         | 31 March 2023 : 15% - 25% (20%)<br>31 March 2022 : 15% - 25% (20%)   | 5% increase / decrease in the discount to book value would result in decrease / (increase) in fair value as of March 31, 2023 : ₹ 0.03 crore (₹ 0.03 crore).<br>{5% increase / decrease in the discount to book value would result in decrease / (increase) in fair value as of March 31, 2022 : ₹ 0.03 crore (₹ 0.04 crore)}              |
| FVTOCI assets in unquoted equity shares (Bharuch Enviro Infrastructure Limited)  | Market Approach - Comparable companies                             | Market Multiple Discount       | 31 March 2023 : 25% - 35% (30%)<br>31 March 2022 : 25% - 35% (30%)   | 5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2023 : ₹ 0.61 crore (₹ 0.61 crore)<br>{5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2022 : ₹ 0.54 crore (₹ 0.50 crore)}           |
|  |  | EBITDA (₹ Crores)              | 31 March 2023 : ₹ 109.06 crores - ₹ 120.54 crores (₹ 114.80 crores)<br>31 March 2022 : N.A.  | ₹ 5.74 crores increase / decrease in the EBITDA would result in increase / (decrease) in fair value as of March 31, 2023 : ₹ 0.43 crore (₹ 0.43 crore)<br>{ As on March 31, 2022 this unobservable input was not considered for sensitivity analysis.}   |

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### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

| Particulars   | Valuation Technique   | Significant unobservable input | Range (weighted average)   | Sensitivity of the input to fair value   |
|---|---|--------------------------------|--|--|
|   |   | Consolidated PAT (₹ Crores)    | 31 March 2023 : N.A.<br>31 March 2022 : ₹ 67.50 crores - ₹ 74.70 crores (₹ 71.10 crores)   | As on March 31, 2023 this unobservable input is not considered for sensitivity analysis<br>{₹ 3.60 crores increase / decrease in the consolidated PAT would result in increase / (decrease) in fair value as of March 31, 2022 : ₹ 0.36 crore (₹ 0.37 crore)}  |
| FVTOCI assets in unquoted equity shares (Bharuch Dahej Railway Company Limited) | Cost Approach - Net asset value   | Discount to Book Value         | 31 March 2023 : 30% - 40% (35%)<br>31 March 2022 : 20% - 30% (25%)   | 5% increase / decrease in the discount to book value would result in decrease / (increase) in fair value as of March 31, 2023 : ₹ 1.19 crores (₹ 1.19 crores)<br>{5% increase / decrease in the discount to book value would result in decrease / (increase) in fair value as of March 31, 2022 : ₹ 0.15 crore (₹ 0.99 crore)}                 |
|   |   | Share holders fund (₹ Crores)  | 31 March 2023 : ₹ 259.54 crores - ₹ 286.86 crores (₹ 273.20 crores)<br>31 March 2022 : ₹ 163.30 crores - ₹ 180.50 crores (₹ 171.90 crores) | ₹ 13.66 crores increase / decrease in the shareholders fund would result in increase / (decrease) in fair value as of March 31, 2023 by ₹ 0.77 crore (₹ 0.77 crore).<br>{₹ 8.60 crores increase / decrease in the shareholders fund would result in increase / (decrease) in fair value as of March 31, 2022 by ₹ 1.16 crores (₹ 0.32 crore)}. |
| FVTOCI assets in unquoted equity shares (Ecophos GNFC India Private Limited)    | As on March 31, 2020, the parent Company M/s EcoPhos S.A. holding 85% in the entity has applied for bankruptcy hence the Company has Fair valued the investment as ₹ 1 (Refer Note 8). During the year there is no change in bankruptcy status. |                                |  |  |

#### c) Financial Instrument measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

#### 50.3 : Financial Risk objective and policies:

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, deposits, investments, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTOCI & FVTPL investments and enters into derivative transactions.

In the ordinary course of business, the Company is mainly exposed to risks resulting from exchange rate fluctuation (currency risk), interest rate movements (interest rate risk) collectively referred as Market Risk, Credit Risk, Liquidity Risk and other price risks such as equity price risk and commodity price risk. The Company's senior management oversees the management of these risks. It manages its exposure to these risks through derivative financial instruments by hedging transactions as required. It uses derivative instruments such as foreign currency forward contract to manage currency risks. These derivative instruments reduce the impact of both favourable and unfavourable fluctuations.

The Company's risk management activities are subject to the management, direction and control of the management of the Company under the guideline of the Board of Directors of the Company. The management ensures appropriate financial risk governance framework for the Company through appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The decision of whether and when to execute derivative financial instruments along with its tenure can vary from period to period depending on market conditions and the relative costs of the instruments. The tenure is linked to the timing of the underlying

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

exposure, with the connection between the two being regularly monitored. The Company is exposed to losses in the event of non-performance by the counterparties to the derivative contracts. All derivative contracts are executed with counterparties that, in management's judgment, are creditworthy. The outstanding derivatives are reviewed periodically to ensure that there is no inappropriate concentration of outstanding to any particular counterparty.

Further, all currency and interest risk as identified above is measured on a daily basis by monitoring the mark to market (MTM) of open and hedged position. For year ends, the MTM for each derivative instrument outstanding is obtained from respective banks. All gain / loss arising from MTM for open derivative contracts and gain / loss on settlement / cancellation / roll over of derivative contracts is recorded in statement of profit and loss.

**a) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, FVTOCI investments and derivative financial instruments. The sensitivity analysis in the following sections relate to the position as at March 31, 2023 and March 31, 2022.

The sensitivity analysis have been prepared on the basis that the amount of net debt, interest rates of the debt and derivatives are all constant as at March 31, 2023. The analysis exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analysis:-

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2023 and March 31, 2022.

**(i) Interest rate risk**

The Company is exposed to changes in market interest rates due to financing, investing and cash management activities. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations.

**(ii) Foreign currency risk**

Exchange rate movements, particularly the United States Dollar (USD) and Euro (EUR) against Indian Rupee (INR), have an impact on the Company's operating results. The Company manages its foreign currency risk by entering into various foreign exchange contracts to mitigate the risk arising out of foreign exchange rate movement on trade payables. Further, to hedge foreign currency future transactions in respect of which firm commitment are made or which are highly probable forecast transactions (for instance, foreign exchange denominated income) the Company has entered into foreign currency forward contracts as per the policy of the Company.

The details of exposures hedged using forward contracts and the details of unhedged exposures are given as part of Note 49. The Company is mainly exposed to changes in USD and EURO. The below table demonstrates the sensitivity to a 5% increase or decrease in the respective foreign currency rates against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

**(₹ Crores)**

| Particulars                    | Impact on Profit before tax |                | Impact on Pre-tax Equity |                |
|--------------------------------|-----------------------------|----------------|--------------------------|----------------|
|                                | For the year ended          |                | For the year ended       |                |
|                                | March 31, 2023              | March 31, 2022 | March 31, 2023           | March 31, 2022 |
| <b>USD Sensitivity</b>         |                             |                |                          |                |
| RUPEES / USD – Increase by 5%  | <b>(0.65)</b>               | (0.40)         | <b>(0.65)</b>            | (0.40)         |
| RUPEES / USD – Decrease by 5%  | <b>0.65</b>                 | 0.40           | <b>0.65</b>              | 0.40           |
| <b>EURO Sensitivity</b>        |                             |                |                          |                |
| RUPEES / EURO – Increase by 5% | <b>(0.05)</b>               | (0.32)         | <b>(0.05)</b>            | (0.32)         |
| RUPEES / EURO – Decrease by 5% | <b>0.05</b>                 | 0.32           | <b>0.05</b>              | 0.32           |

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

##### (iii) Commodity price risk

The Company's operating activities require the ongoing purchase of natural gas. Natural gas being an international commodity is subject to price fluctuation on account of the change in the crude oil prices, demand supply pattern of natural gas and exchange rate fluctuations. The Company is not affected by the price volatility of the natural gas to the extent consumed for Urea as under the Urea pricing formula the cost of natural gas is pass through if the consumption of natural gas is within the permissible norm for manufacturing of Urea.

The Company also deals in purchase of other feed stock materials (i.e. Rock phosphate, Toluene and Denatured Ethyl Alcohol) which are imported by the Company and used in the manufacturing of Ammonium Nitro Phosphate, Toluene Di-isocyanate and Ethyl Acetate. The import prices of these materials are governed by international demand and supply pattern. There is a price and material availability risk, which is managed by senior management team through sensitivity analysis, commodity price tracking.

##### (iv) Equity price risk

The Company's investment in listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 581.33 crores. Sensitivity analyses of these investments have been provided in Note 50.2(b).

At the reporting date, the exposure to listed equity securities at fair value was ₹ 416.49 crores. A decrease of 5% on the BSE market price could have an impact of approximately ₹ 20.82 crores on the OCI or equity attributable to the Group. An increase of 5% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

##### b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and other financial assets) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive evaluation and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data.

Credit risk from balances with banks and non-banking finance companies is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's management. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

##### Trade receivables

The Company's receivables can be classified into two categories, one is from the customers/ dealers in the market and second one is from the central and state Government in the form of subsidy. As far as Government portion of receivables is concerned, credit risk is Nil except where there are uncertainties due to non-acknowledgement of claims. In respect of

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

market receivables from the customers/ dealers, the Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extensions of credit to customers. The Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as for certain products it extends rolling credit to its customers, against the collateral.

Trade receivables, other than subsidy receivables are secured to the extent of interest free security deposits and bank guarantees received from the customers amounting to ₹ 19.78 cores and ₹ 18.61 cores as at 31st March, 2023 and 31st March, 2022 respectively. (Refer Note No. 11 for Trade Receivables outstanding).

The Company follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables, other than those receivables from the Government of India. For the purpose of measuring lifetime ECL allowance for trade receivables, the company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience in respect of certain categories of the customers. Individual trade receivables are written off when management deems them not to be collectible

**c) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and bank balances. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyses derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

**(₹ Crores)**

| Particulars                                     | Refer Note | On Demand   | Less than 1 year | 1 to 5 years | Over 5 years | Total           |
|---|------------|-------------|------------------|--------------|--------------|-----------------|
| <b>As at March 31, 2023</b>                     |            |             |                  |              |              |                 |
| Borrowings                                      | 19         | 0.01        | -                | -            | -            | 0.01            |
| Trade payables                                  | 20         | -           | 577.71           | -            | -            | 577.71          |
| Lease liability                                 | 39         | -           | 0.82             | 0.98         | 0.17         | 1.97            |
| Derivatives Instruments not designated as hedge | 21         | -           | 1.14             | -            | -            | 1.14            |
| Other financial liabilities                     | 21         | -           | 335.74           | 5.00         | -            | 340.74          |
| <b>Total</b>                                    |            | <b>0.01</b> | <b>915.41</b>    | <b>5.98</b>  | <b>0.17</b>  | <b>921.57</b>   |
| <b>As at March 31, 2022</b>                     |            |             |                  |              |              |                 |
| Borrowings                                      | 19         | 0.07        | -                | -            | -            | 0.07            |
| Trade payables                                  | 20         | -           | 647.78           | -            | -            | 647.78          |
| Lease liability                                 | 39         | -           | 0.73             | 0.80         | 0.17         | 1.70            |
| Derivatives Instruments not designated as hedge | 21         | -           | 0.24             | -            | -            | 0.24            |
| Other financial liabilities                     | 21         | -           | 416.59           | 5.12         | -            | 421.71          |
| <b>Total</b>                                    |            | <b>0.07</b> | <b>1,065.34</b>  | <b>5.92</b>  | <b>0.17</b>  | <b>1,071.50</b> |

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### STANDALONE

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

##### 50.4 : Capital Management:

For the purposes of the Company's capital management, capital includes issued capital and all other equity. The primary objective of the Company's capital management is to maximize shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using gearing ratio, which is net debt (total debt less cash and bank balance) divided by total capital plus net debt.

| Particulars   | (₹ Crores)                   |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
| Total Borrowings (refer note 19)                    | 0.01                         | 0.07                         |
| Less: Cash and bank balances (refer Note 14 and 15) | 1,993.91                     | 1,181.94                     |
| <b>Net Debt (A)</b>                                 | <b>(1,993.90)</b>            | <b>(1,181.87)</b>            |
| <b>Total Equity (B)</b>                             | <b>9,006.36</b>              | <b>7,898.84</b>              |
| <b>Total Equity and Net Debt (C = A + B)</b>        | <b>7,012.46</b>              | <b>6,716.97</b>              |
| <b>Gearing ratio</b>                                | -                            | -                            |

Since net debt is negative, same is considered as zero.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023 and March 31, 2022.

##### Note 51 : Additional disclosures required as per Schedule III to the Companies Act, 2013;

- (i) The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended March 31, 2023 and March 31, 2022.
- (ii) No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, as at March 31, 2023 and March 31, 2022.
- (iii) The Company is not a declared wilful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended March 31, 2023 and March 31, 2022.
- (iv) The Company did not have any material transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the year ended March 31, 2023 and March 31, 2022.
- (v) There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended March 31, 2023 and March 31, 2022, in the tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of account during the year ended March 31, 2023 and 31 March 31, 2022.
- (vi) The Company has taken borrowings from banks and financial institutions and utilised them for the specific purpose for which they were taken as at the Balance sheet date. Quarterly statements of current assets filed by the Company with Bank are in agreement with the books of accounts of the Company for the respective periods, except for the following :

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**(₹ Crores)**

| Quarter ended      | Nature of current Assets / Liabilities where differences were observed | Amount disclosed as per quarterly return / statement | Amount as per books of accounts | Amount of Difference | Reasons for material difference |
|--------------------|--|--|---------------------------------|----------------------|---------------------------------|
| June 30, 2022      | Trade receivables  | 832.60   | 846.03                          | (13.43)              | Note - 1                        |
|                    | Advances to suppliers  | 57.68  | 56.04                           | 1.64                 | Note - 2                        |
|                    | Trade payable  | 298.15   | 325.85                          | (27.70)              | Note - 3                        |
| September 30, 2022 | Advances to suppliers  | 61.65  | 85.00                           | (23.35)              | Note - 2 & 4                    |
|                    | Trade payable  | 687.06   | 774.27                          | (87.21)              | Note - 5                        |
| December 31, 2022  | Inventory - raw material   | 348.58   | 345.55                          | 3.03                 | Note - 6                        |
|                    | Inventory - stores & spares  | 666.44   | 682.24                          | (15.80)              | Note - 7                        |
|                    | Inventory - finished goods   | 164.38   | 165.24                          | (0.86)               | Note - 8                        |
|                    | Advances to suppliers  | 58.01  | 77.31                           | (19.30)              | Note - 2 & 4                    |
|                    | Trade payable  | 645.12   | 694.28                          | (49.16)              | Note - 5                        |
| March 31, 2023     | Trade receivables  | 408.63   | 367.44                          | 41.19                | Note - 1                        |
|                    | Advances to suppliers  | 71.07  | 75.86                           | (4.79)               | Note - 2 & 5                    |
|                    | Trade payable  | 525.27   | 577.71                          | (52.44)              | Note - 5                        |

**Notes:**

Note-1 : Revision in subsidy receivable as a subsequent event, on receipt of actual data after submission of stock statement to bank.

Note-2 : The amount disclosed as per quarterly returns / statements reconciles with gross book balance without adjustment of provision

Note-3 : Accrued expenses / reclassification adjustments and revision in Gas pool liability after submission of stock statement not considered in returns / statements submitted to bank.

Note-4 : Provision amount wrongly deducted twice in stock statement.

Note-5 : Accrued expenses / reclassification adjustments not considered in returns / statements submitted to bank.

Note-6 : Reclassification adjustments not considered in returns / statements submitted to bank.

Note-7 : Reclassification adjustments and Correction in catalyst consumption after submission of stock statement.

Note-8 : Inventory valuation impact was recognised subsequent to submission of return / statement to bank, hence not considered in returns / statements submitted to bank.

**(vii)** Based on the Ministry of Company Affairs (MCA) portal, charges aggregating to ₹ 14.15 crores are appearing as "Open" as of March 31, 2023 which were executed with Banks (the lender) in relation to securing repayment of loan facility related to year 1985 to 1990. The Company is in process to obtain the No Objection Certificates from the Banks. Once the same is received, the Company will file the "Satisfaction of Charge" with the Registrar of Companies (ROC).

**(viii) Utilisation of borrowed funds and share premium**

(I) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

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### STANDALONE

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(III) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

#### Note 52 : Code on Social Security

The Indian Parliament has approved & the President has accorded the assent the Code on Social Security, 2020 ('Code') in September, 2020. The Code might impact the contributions by the Company towards Provident Fund, Gratuity and other employment and post-employment employee benefits. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record the impact, if any, in the period in which the Code becomes effective.

#### Note 53 :

Balances of certain trade receivables, advances given and trade payables are subject to confirmation/ reconciliation, if any. The management does not expect any material difference affecting the financial statements on such reconciliation / adjustments.

#### Note 54 : Event occurred after the Balance Sheet Date:

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of May 18, 2023 there were no material subsequent events to be recognized or reported that are not already previously disclosed.

#### Note 55 :

The previous year's figures have been regrouped / reclassified, wherever necessary, to conform to the figures of the current year presentation.

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

**D. V. Parikh**  
Executive Director & CFO

**A. C. Shah**  
Company Secretary

**Pankaj Joshi, IAS**  
Managing Director  
DIN-01532892

**Vipul Mittra, IAS**  
Chairman  
DIN-03108280

Place : Gandhinagar  
Date : 18 May 2023

Place : Mumbai  
Date : 18 May 2023

As per our report of even date  
For **Suresh Surana & Associates LLP**  
Chartered Accountants  
(Firm Registration No.: 121750W/W-100010)

**Ramesh Gupta**  
Partner  
Membership No. 102306



# INDEPENDENT AUDITORS' REPORT

To  
The Members of  
Gujarat Narmada Valley Fertilizers & Chemicals Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of **Gujarat Narmada Valley Fertilizers & Chemicals Limited** (hereinafter referred to as "the Holding Company" or "the Company"), and its associate, comprising of the consolidated Balance Sheet as at March 31, 2023, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement of Changes in Equity and the consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of 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, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules 2015 as amended (Ind AS) and the accounting principles generally accepted in India, of the state of affairs of Company and its associate as at March 31, 2023, of consolidated profit, consolidated total comprehensive income, consolidated statement of changes in equity and its consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as 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 Company and its associate in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the 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 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.

### Emphasis of Matter

We draw attention to note 43(B) to the consolidated financial statements regarding a matter relating to demand of ₹ 21,370 crores (including interest and penalty computed till November 30, 2021) on the Company by Department of Telecommunications (DoT) towards Very Small Aperture Terminal ('VSAT') and Internet Service Provider ('ISP') Licenses fee relating to earlier years. Based on the legal assessment in consultation with Senior Advocates of the said demand, the Company is of the view that no provision is required to be made at this point of time in respect of above matter.

Our opinion is not modified in respect of above matter.

### 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 for the financial year ended March 31, 2023. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.

## CONSOLIDATED

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures performed by us, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

| Key audit matters   | How our audit addressed the key audit matter  |
|---|---|
| <p><b>Recognition and measurement of Urea Subsidy Income</b></p> <p>The Urea Subsidy Income is recognized and measured by the Company in accordance with notification/ circular/ policies issued by the Department of Fertilizers, Government of India.</p> <p>During the year ended March 31, 2023, the Company has recognized Urea Subsidy Income of ₹2,557.44 crores and has outstanding Urea subsidy receivables of ₹113.33 crores.</p> <p>The measurement of Urea Subsidy Income involves application of relevant regulatory pronouncements and notifications, understanding of applicable energy norms, and management estimates / judgements including in respect of escalation / de-escalation in the price of the inputs, etc. for the year. The recognised subsidy income may deviate on account of revision / changes in such interpretation, estimates and judgements, arising from notification by the Department of Fertilizers.</p> <p>Accordingly, recognition and measurement of subsidy income is determined to be a key audit matter for our audit of consolidated financial statements.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We assessed the Company's revenue recognition policy for Urea Subsidy Income.</li> <li>• We understood, evaluated and tested, on a sample basis, the design and operating effectiveness of key internal controls over recognition and measurement of Urea Subsidy Income.</li> <li>• We reviewed the relevant regulatory pronouncement in respect of Urea Subsidy Income and verified, on a sample basis, the claims filed by the Company along-with underlying accounting evidence in respect of such income.</li> <li>• We tested calculations for Urea Subsidy Income and reviewed estimates for escalation / de-escalation by comparing with actual production cost relevant for measurement of subsidy amount.</li> <li>• We reviewed follow-ups made by the Company with the Department of Fertilizers, Government of India and management assessment of recoverability of aged balances.</li> <li>• We tested the collections made during the year as well as subsequent period against such subsidy income recognized by the Company.</li> <li>• We assessed the appropriateness of disclosures in the consolidated financial statements in respect of Urea Subsidy Income.</li> </ul> |
| <p><b>Valuation of Inventories, including Stores and Spares</b></p> <p>The Company has total inventory of ₹1,123.21 crores which comprises of raw material inventory ₹388.97 crores, work-in-progress inventory ₹38.32 crores, finished goods inventory ₹177.76 crores, trading inventory ₹2.78 crores and stores and spares inventory (including coal inventory of ₹95.33 crores) ₹515.38 crores (net of provision for excess inventory) as at March 31, 2023.</p> <p>The Company has created a provision of ₹24.52 crores against inventory of stores and spares based on evaluation of its usability including for aged items.</p>   | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We reviewed the management policy for physical verification and the documents related to management's physical count procedure actually followed during the year.</li> <li>• We understood the management process for assessment of value in use/ net realisable value of various class of inventories and making provision for excess inventory.</li> <li>• We reviewed the management's judgement applied in estimating the value of excess inventory for stores &amp; spares, taking into consideration management assessment of the present and future condition of the inventory.</li> </ul>  |

|  |  |
|--|--|
| <p>Accordingly, appropriateness of the estimates used to identify the valuation of inventories, including stores and spares is determined to be a key audit matter for our audit of consolidated financial statements.</p>   | <ul style="list-style-type: none"> <li>• We performed substantive audit procedures that included review of working prepared by the management for valuation of inventories and observed that appropriate allocation of fixed cost and variable cost is done in respect of Finished Goods and Work in Progress which is in lines with prevailing accounting standards.</li> <li>• We have performed Physical verification of inventories as at March 31, 2023. Our procedures did not identify any material exceptions.</li> </ul>  |
| <p><b>Evaluation of uncertain tax demand positions and other legal litigations</b></p>   |  |
| <p>The Company has material uncertain tax demand positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes and significant open legal proceedings under arbitration and courts for various matters with its contractors / vendors and in Government departments, continuing from earlier years which are part of Contingent Liability.</p> <p>Due to complexity involved in these litigation matters, management's judgement regarding recognition and measurement of provisions for these legal proceedings is inherently uncertain and might change over time as the outcomes of the legal cases are determined.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We have obtained details of completed tax assessments and demands as at 31 March 2023 from the management.</li> <li>• We have inquired with the management including in- house legal experts.</li> <li>• We have reviewed the minutes of the meetings and those charged with governance, and correspondences between the Company and the external legal experts and other evidences to corroborate management assessment in respect of disputed tax matters.</li> <li>• We have assessed the management's position through discussions with the in-house legal expert and external legal opinions obtained by the Company (where considered necessary) on both, the probability of success in the aforesaid cases, and the magnitude of any potential loss.</li> <li>• We have discussed with the management on the development in the litigations during the year ended 31 March 2023 and provision for contingencies of ₹ 53.27 crores made during the Financial Year 2022-2023.</li> </ul> |

**Information Other than the Consolidated 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 Annual report, but does not include the consolidated financial statements and our 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 and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 (Revised) 'The Auditor's responsibilities Relating to Other Information'.

### CONSOLIDATED

#### Responsibilities of Management for the Consolidated Financial Statements

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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Company and its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended including the Companies (Indian Accounting Standards) Amendment Rules, 2020.

The respective Board of Directors of the Company and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and of its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Company and of its associate are responsible for assessing the ability of the Company and of its associate 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 and its associate or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Company and of its associate are also responsible for overseeing the financial reporting process of the Company and of its associate.

#### 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 has adequate internal financial controls with reference to these financial statements 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 ability of the Company and of its associate 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 and its associate 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Company and its associate of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

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 consolidated financial statements.

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 for the financial year ended March 31, 2023 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.

### Other Matters

The accompanying consolidated financial statements include the Company's share of net profit of ₹ 7.56 crores for the year ended March 31, 2023 in respect of an associate, whose financial information have not been audited. This financial information is unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to amounts and disclosures included in respect of the associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on the such unaudited financial information.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on such unaudited financial information certified by the management.

### Report on Other Legal and Regulatory Requirements

- 1) As required by Section 143(3) of the Act, based on our audit 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 consolidation of the financial statements have been kept by the Company so far as it appears from our examination of those books;

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- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flows Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Company as on March 31, 2023 taken on record by the Board of Directors of the Company, none of the directors of the Company and its Associate Company incorporated in India, is disqualified as on March 31, 2023 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 with reference to these consolidated financial statements of the Company and of its associate incorporated in India and the operating effectiveness of such controls, refer to our separate Report in “Annexure 1” to this report;
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with 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 remuneration paid/ provided by the Company to its directors including sitting fees paid to directors, during the year is in accordance with the provisions of section 197 read with Schedule V to 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 and based on the consideration of unaudited financial statements furnished to us by the management in respect of the associate, as noted in the ‘Other matter’ paragraph above:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Company in its consolidated financial statements - Refer Note 36 (A) 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 – Refer Note 21 to the consolidated financial statements in respect of such items as it relates to the Company and its associate;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. (a) The respective managements of the Company and of its associate has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company and its associate to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company and its associate (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (b) The respective managements of Company and its associate has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company and its associate from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company and its associate shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or

on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. (a) The final dividend proposed in the previous year, declared and paid by the Company and its associate during the year is in accordance with Section 123 of the Act, as applicable.
- (b) The Board of Directors of the Company and its associate have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2) In our opinion and according to the information and explanations given to us, the Holding Company has qualifications or adverse remarks given by the auditor in his report under the Companies (Auditor’s Report) Order, 2020 (CARO):

| Name of the Company                                    | CIN                   | Clause number of the CARO report |
|--|-----------------------|----------------------------------|
| Gujarat Narmada Valley Fertilizers & Chemicals Limited | L24110GJ1976PLC002903 | 3(i)(c), 3(ii)(b), (vii)(b)      |
| Gujarat Green Revolution Company Limited               | U63020GJ1998PLC035039 | Refer note below                 |

In respect an associate company incorporated in India, included in the consolidated financial statements, the CARO report has not been issued by its auditor till the date of this report and the management has furnished the certified unaudited financial information.

**For Suresh Surana & Associates LLP**  
Chartered Accountants  
Firm’s Reg. No. 121750W/W-100010

**Ramesh Gupta**  
Partner  
Membership No.: 102306  
UDIN: 23102306BGWКУ08470

Place: Mumbai  
Dated 18 May 2023

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#### ANNEXURE '1' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under the heading '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 financial statements of the **Gujarat Narmada Valley Fertilizers & Chemicals Limited** (hereinafter referred to as "the Holding Company" or "the Company") as of and for the year ended 31 March 2023, we have audited the internal financial controls over financial reporting with reference to the financial statements of the Company and its associate which are companies incorporated in India, as of that date.

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

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Companies Act, 2013, as amended, to the extent applicable to an audit of internal financial controls, both, issued by Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to consolidated financial statements 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 over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls Over Financial Reporting with reference to these Consolidated Financial Statements

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



Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over financial reporting with reference to these Consolidated Financial Statements**

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of unaudited financial information furnished to us by the management as mentioned in "Other Matter" paragraph below, the Holding Company has, in all material respects, maintained adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2023, 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**

In respect of an associate company incorporated in India, included in the consolidated financial statements, reporting under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting has not been given as the reporting under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls has not been issued by its auditor till the date of this report and the management has furnished the certified unaudited financial information.

**For Suresh Surana & Associates LLP**  
Chartered Accountants  
Firm's Reg. No. 121750W/W-100010

**Ramesh Gupta**  
Partner

Membership No.: 102306  
UDIN: 23102306BGWКУ08470

Place: Mumbai  
Dated 18 May 2023

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### CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

(₹ Crores)

| Particulars  | Notes | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------|-------------------------|-------------------------|
| <b>ASSETS</b>  |       |                         |                         |
| <b>I. Non-current assets</b>   |       |                         |                         |
| (a) Property, plant and equipment  | 4     | 3,108.53                | 3,539.37                |
| (b) Capital work-in-progress   | 5     | 187.01                  | 137.72                  |
| (c) Investment property  | 6     | 37.78                   | 17.28                   |
| (d) Right of use asset   | 39    | 216.51                  | 1.63                    |
| (e) Intangible assets  | 7     | 18.53                   | 19.96                   |
| (f) Financial assets   |       |                         |                         |
| (i) Investments  | 8     | 2,884.17                | 1,248.14                |
| (ii) Loans and advances  | 9     | 115.15                  | 660.93                  |
| (iii) Other financial assets   | 10    | 97.55                   | 114.12                  |
| (g) Income tax assets (net)  | 26    | 61.35                   | 9.77                    |
| (h) Other non-current assets   | 12    | 98.23                   | 91.10                   |
|  |       | <b>6,824.81</b>         | <b>5,840.02</b>         |
| <b>II. Current assets</b>  |       |                         |                         |
| (a) Inventories  | 13    | 1,123.21                | 976.97                  |
| (b) Financial assets   |       |                         |                         |
| (i) Investments  | 8     | 321.02                  | 64.81                   |
| (ii) Trade receivables   | 11    | 367.44                  | 625.10                  |
| (iii) Cash and cash equivalents  | 14    | 56.20                   | 72.71                   |
| (iv) Other bank balances   | 15    | 1,937.71                | 1,109.23                |
| (v) Loans and advances   | 9     | 815.93                  | 1,867.15                |
| (vi) Other financial assets  | 10    | 133.13                  | 68.09                   |
| (c) Other current assets   | 16    | 116.08                  | 110.31                  |
|  |       | <b>4,870.72</b>         | <b>4,894.37</b>         |
| <b>Total Assets</b>  |       | <b>11,695.53</b>        | <b>10,734.39</b>        |
| <b>EQUITY AND LIABILITIES</b>  |       |                         |                         |
| <b>Equity</b>  |       |                         |                         |
| (a) Equity share capital   | 17    | 155.42                  | 155.42                  |
| (b) Other equity   | 18    | 8,949.69                | 7,834.61                |
|  |       | <b>9,105.11</b>         | <b>7,990.03</b>         |
| <b>Liabilities</b>   |       |                         |                         |
| <b>I. Non-current liabilities</b>  |       |                         |                         |
| (a) Financial liabilities  |       |                         |                         |
| (i) Lease liabilities  | 39    | 1.15                    | 0.97                    |
| (ii) Other financial liabilities   | 20    | 5.00                    | 5.12                    |
| (b) Provisions   | 22    | 371.61                  | 310.24                  |
| (c) Deferred tax liabilities (net)   | 26    | 343.90                  | 422.25                  |
| (d) Government grants (deferred income)  | 23    | 637.86                  | 637.79                  |
|  |       | <b>1,298.52</b>         | <b>1,376.37</b>         |
| <b>II. Current liabilities</b>   |       |                         |                         |
| (a) Financial liabilities  |       |                         |                         |
| (i) Borrowings   | 19    | 0.01                    | 0.07                    |
| (ii) Lease liabilities   | 39    | 0.82                    | 0.73                    |
| (iii) Trade payables:  | 20    |                         |                         |
| (A) total outstanding dues of micro and small enterprises                      |       | 45.86                   | 28.14                   |
| (B) total outstanding dues of creditors other than micro and small enterprises |       | 531.85                  | 619.64                  |
| (iv) Other financial liabilities   | 21    | 336.88                  | 416.83                  |
| (b) Other current liabilities  | 24    | 110.43                  | 161.56                  |
| (c) Provisions   | 25    | 199.86                  | 38.03                   |
| (d) Government grants (deferred income)  | 23    | 66.15                   | 66.89                   |
| (e) Current tax liabilities (net)  | 26    | 0.04                    | 36.10                   |
|  |       | <b>1,291.90</b>         | <b>1,367.99</b>         |
| <b>Total Equity and Liabilities</b>  |       | <b>11,695.53</b>        | <b>10,734.39</b>        |

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

For and on behalf of the Board of Directors,

**D. V. Parikh**  
Executive Director & CFO

**A. C. Shah**  
Company Secretary

**Pankaj Joshi, IAS**  
Managing Director  
DIN-01532892

**Vipul Mittra, IAS**  
Chairman  
DIN-03108280  
As per our report of even date  
For **Suresh Surana & Associates LLP**  
Chartered Accountants  
(Firm Registration No.: 121750W/W-100010)

Place : Gandhinagar  
Date : 18 May 2023

Place : Mumbai  
Date : 18 May 2023

**Ramesh Gupta**  
Partner  
Membership No. 102306

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023** (₹ Crores)

| Particulars  | Notes          | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|----------------|------------------------------|------------------------------|
| <b>Income</b>  |                |                              |                              |
| Revenue from operations  | 27             | 10,226.93                    | 8,642.29                     |
| Other income   | 28             | 361.23                       | 209.42                       |
| <b>Total</b>   |                | <b>10,588.16</b>             | <b>8,851.71</b>              |
| <b>Expenses</b>  |                |                              |                              |
| Cost of raw materials consumed   | 29             | 4,994.18                     | 3,899.09                     |
| Purchase of traded goods   |                | 60.69                        | 38.80                        |
| Purchase of goods and services - IT division   |                | 19.27                        | 26.47                        |
| Decrease/(Increase) in inventories of finished goods, work-in-progress and traded goods                          | 30             | (85.42)                      | 18.83                        |
| Power, fuel and other utilities  |                | 1,994.45                     | 1,116.59                     |
| Employee benefits expense  | 31             | 605.62                       | 467.93                       |
| Finance costs  | 32             | 5.26                         | 3.46                         |
| Depreciation and amortisation  | 33             | 302.94                       | 291.69                       |
| Other expenses   | 34             | 759.62                       | 690.80                       |
| <b>Total</b>   |                | <b>8,656.61</b>              | <b>6,553.66</b>              |
| <b>Profit before tax</b>   |                | <b>1,931.55</b>              | <b>2,298.05</b>              |
| <b>Tax expense / (credit)</b>  |                |                              |                              |
| Current tax  |                | 541.29                       | 615.66                       |
| Excess tax provision write back of earlier years   |                | (21.00)                      | 2.14                         |
| Deferred tax (credit)  |                | (52.72)                      | (23.50)                      |
| <b>Total tax expense / (credit)</b>  | 26             | <b>467.57</b>                | <b>594.30</b>                |
| <b>Profit for the year</b>   |                | <b>1,463.98</b>              | <b>1,703.75</b>              |
| Share in Profit of Associate   |                | 7.56                         | 6.66                         |
| <b>Profit for the year</b>   | <b>(A)</b>     | <b>1,471.54</b>              | <b>1,710.41</b>              |
| <b>Other comprehensive income / (expense)</b>  |                |                              |                              |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods:                       |                |                              |                              |
| Re-measurement (losses) / gain on defined benefit plans  |                | (91.92)                      | 19.76                        |
| Income tax effect credit / (charge)  | 26             | 23.13                        | (4.97)                       |
| Net (loss) / gain on FVTOCI equity investments   |                | (157.88)                     | 375.81                       |
| Income tax effect credit / (charge)  | 26             | 25.63                        | (54.84)                      |
| <b>Net other comprehensive income / (expense) not to be reclassified to profit or loss in subsequent periods</b> |                | <b>(201.04)</b>              | <b>335.76</b>                |
| <b>Total other comprehensive income / (expense) for the year, net of tax</b>                                     | <b>(B)</b>     | <b>(201.04)</b>              | <b>335.76</b>                |
| <b>Total comprehensive income for the year, net of tax</b>   | <b>(A)+(B)</b> | <b>1,270.50</b>              | <b>2,046.17</b>              |
| <b>Earnings per Share - (Face value of ₹ 10 each) Basic and Diluted (in ₹)</b>                                   | 35             | <b>94.68</b>                 | 110.05                       |

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

For and on behalf of the Board of Directors,

**D. V. Parikh**  
Executive Director & CFO

**A. C. Shah**  
Company Secretary

**Pankaj Joshi, IAS**  
Managing Director  
DIN-01532892

**Vipul Mitra, IAS**  
Chairman  
DIN-03108280  
As per our report of even date  
For **Suresh Surana & Associates LLP**  
Chartered Accountants  
(Firm Registration No.: 121750W/W-100010)

Place : Gandhinagar  
Date : 18 May 2023

Place : Mumbai  
Date : 18 May 2023

**Ramesh Gupta**  
Partner  
Membership No. 102306

# 47<sup>th</sup> Annual Report 2022 – 2023

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### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

| (A) Equity share capital                                   |      | (₹ Crores)    |  |
|--|------|---------------|--|
| Particulars  | Note | Amount        |  |
| <b>Balance as at April 01, 2021</b>                        |      | <b>155.42</b> |  |
| Changes in Equity Share Capital due to prior period errors | 17   | -             |  |
| <b>Restated balance at the April 01, 2021</b>              |      | <b>155.42</b> |  |
| Changes in equity share capital during the year            | 17   | -             |  |
| <b>Balance as at March 31, 2022</b>                        |      | <b>155.42</b> |  |
| Changes in Equity Share Capital due to prior period errors | 17   | -             |  |
| <b>Restated balance at the March 31, 2022</b>              |      | <b>155.42</b> |  |
| Changes in equity share capital during the year            | 17   | -             |  |
| <b>Balance as at March 31, 2023</b>                        |      | <b>155.42</b> |  |

| (B) Other equity                                |                 | Reserve and surplus |                 |                   |  | Equity          | Total     |
|---|-----------------|---------------------|-----------------|-------------------|--|-----------------|-----------|
| Particulars                                     | Capital reserve | Securities premium  | General reserve | Retained earnings | instruments at fair value through other comprehensive income |                 |           |
|   | Note 18.1       | Note 18.1           | Note 18.1       | Note 18.1         |  |                 | Note 18.2 |
| <b>Balance as at April 01, 2021</b>             | <b>0.64</b>     | <b>313.31</b>       | <b>2,479.76</b> | <b>2,565.72</b>   | <b>553.35</b>  | <b>5,912.78</b> |           |
| Profit for the year                             | -               | -                   | -               | 1,710.41          | -  | 1,710.41        |           |
| Other comprehensive income for the year         | -               | -                   | -               | 14.79             | 320.97   | 335.76          |           |
| Total comprehensive income for the year         | -               | -                   | -               | 1,725.20          | 320.97   | 2,046.17        |           |
| Dividend paid during the year (refer Note 18.3) | -               | -                   | -               | (124.34)          | -  | (124.34)        |           |
| <b>Balance as at March 31, 2022</b>             | <b>0.64</b>     | <b>313.31</b>       | <b>2,479.76</b> | <b>4,166.58</b>   | <b>874.32</b>  | <b>7,834.61</b> |           |
| Profit for the year                             | -               | -                   | -               | 1,471.54          | -  | 1,471.54        |           |
| Other comprehensive income for the year         | -               | -                   | -               | (68.79)           | (132.25)   | (201.04)        |           |
| Total comprehensive income for the year         | -               | -                   | -               | 1,402.75          | (132.25)   | <b>1,270.50</b> |           |
| Dividend paid during the year (refer Note 18.3) | -               | -                   | -               | (155.42)          | -  | (155.42)        |           |
| Transfer from retained earnings                 | -               | -                   | 200.00          | (200.00)          | -  | -               |           |
| <b>Balance as at March 31, 2023</b>             | <b>0.64</b>     | <b>313.31</b>       | <b>2,679.76</b> | <b>5,213.91</b>   | <b>742.07</b>  | <b>8,949.69</b> |           |

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

**D. V. Parikh**  
Executive Director & CFO

**A. C. Shah**  
Company Secretary

For and on behalf of the Board of Directors,  
**Pankaj Joshi, IAS**  
Managing Director  
DIN-01532892

**Vipul Mitra, IAS**  
Chairman  
DIN-03108280

Place : Gandhinagar  
Date : 18 May 2023

As per our report of even date  
For **Suresh Surana & Associates LLP**  
Chartered Accountants  
(Firm Registration No.: 121750W/W-100010)

Place : Mumbai  
Date : 18 May 2023

**Ramesh Gupta**  
Partner  
Membership No. 102306

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023**
**(₹ Crores)**

| Particulars   | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| <b>Cash flow from operating activities</b>  |                              |                              |
| <b>Profit before tax as per statement of profit and loss</b>  | <b>1,931.55</b>              | 2,298.05                     |
| <b>Adjustments for:</b>   |                              |                              |
| Loss on sale / discard / write off of property, plant and equipment (net)                                     | 0.03                         | 0.94                         |
| (Gain) on Lease modification/ termination   | (0.01)                       | -                            |
| Loss / (gain) on sale of investments (net)  | 0.66                         | (0.12)                       |
| Interim distribution towards investments  | (7.37)                       | -                            |
| Depreciation and amortization   | 302.94                       | 291.69                       |
| Interest expense on employee loan fair valuation  | 2.10                         | 1.78                         |
| Interest income   | (233.47)                     | (119.17)                     |
| Dividend income   | (10.11)                      | (4.85)                       |
| Amortization of grant income  | (61.68)                      | (61.27)                      |
| Fair valuation loss on investments measured at FVTPL (net)  | 0.82                         | (0.54)                       |
| Unclaimed liabilities / excess provision for doubtful debt written back                                       | (22.08)                      | (6.00)                       |
| Unrealised foreign exchange fluctuation Loss / (gain)   | (0.96)                       | 0.91                         |
| Finance costs   | 3.24                         | 1.66                         |
| Premium on forward contracts  | 4.69                         | 5.61                         |
| Provision / Write off for excess Inventory  | 5.28                         | 13.12                        |
| Provision for contingencies   | 53.27                        | 55.70                        |
| Advances / Bad debts written off  | 0.34                         | 0.32                         |
| Provision for doubtful debts / advances (net)   | 5.36                         | 7.20                         |
| <b>Operating profit before working capital changes</b>  | <b>1,974.60</b>              | <b>2,485.03</b>              |
| <b>Movements in working capital :</b>   |                              |                              |
| Decrease / (Increase) in trade receivables, including Subsidy   | 261.10                       | (117.75)                     |
| (Increase) in inventories   | (151.52)                     | (176.74)                     |
| (Increase) / Decrease in financial assets   | (13.18)                      | 3.06                         |
| (Increase) in loans and advances and other assets   | (14.36)                      | (8.23)                       |
| Increase in provisions  | 78.01                        | 17.19                        |
| (Decrease) / increase in trade payables and other liabilities   | (106.41)                     | 283.11                       |
| (Decrease) / increase in financial liabilities  | (69.94)                      | 108.83                       |
| <b>Cash generated from operations</b>   | <b>1,958.30</b>              | <b>2,594.50</b>              |
| Income taxes paid (net)   | (585.22)                     | (627.84)                     |
| <b>Net cash flow generated from operating activities (A)</b>  | <b>1,373.08</b>              | <b>1,966.66</b>              |
| <b>Cash flows from investing activities</b>   |                              |                              |
| Payment for purchase of property, plant & equipment (Including capital work In progress and capital advances) | (172.74)                     | (137.77)                     |
| Proceeds from sale / concession received of property, plant and equipment                                     | 1.97                         | 0.46                         |
| Purchase of investments (refer Note 8)  | (2,080.67)                   | -                            |
| Proceeds from sale / maturity of investments / other advances   | 44.02                        | 29.12                        |
| Decrease / (increase) in deposits with corporates (net)   | 1,600.00                     | (2,000.00)                   |
| (Increase) / Decrease in deposits / balances with banks (net)   | (808.48)                     | 104.33                       |
| Interest received   | 176.36                       | 95.83                        |
| Dividend received   | 10.11                        | 9.27                         |
| <b>Net cash flow (used in) investing activities (B)</b>   | <b>(1,229.43)</b>            | <b>(1,898.76)</b>            |

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## CONSOLIDATED

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

(₹ Crores)

| Particulars  | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| <b>Cash flows from financing activities</b>                    |                              |                              |
| Proceeds from short term borrowings                            | 13.19                        | 0.33                         |
| Repayment of short term borrowings                             | (13.19)                      | (0.33)                       |
| Interest paid  | (2.86)                       | (1.63)                       |
| Dividend paid  | (152.55)                     | (123.03)                     |
| Premium on forward contracts                                   | (4.69)                       | (5.61)                       |
| <b>Net cash flow (used in) from financing activities (C)</b>   | <b>(160.10)</b>              | <b>(130.27)</b>              |
| <b>Net (decrease) in cash and cash equivalents (A + B + C)</b> | <b>(16.45)</b>               | <b>(62.37)</b>               |
| Cash and cash equivalents at the beginning of the year         | 72.64                        | 135.01                       |
| <b>Cash and cash equivalents at the end of the year</b>        | <b>56.19</b>                 | <b>72.64</b>                 |
| <b>Notes:</b>  |                              |                              |
| Component of Cash and Cash equivalents                         |                              |                              |
| - Cash on hand   | 0.06                         | 0.07                         |
| - Debit balance in cash credit and overdraft accounts          | 21.47                        | 11.80                        |
| - Balances with bank in current accounts                       | 9.17                         | 12.86                        |
| - Deposit with original maturity of Less than three months     | 25.50                        | 47.98                        |
| <b>Total (refer Note 14)</b>                                   | <b>56.20</b>                 | <b>72.71</b>                 |
| Less: Cash credit and overdraft accounts (refer Note 19)       | 0.01                         | 0.07                         |
| <b>Total cash and cash equivalents</b>                         | <b>56.19</b>                 | <b>72.64</b>                 |

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

- The Cash flow statement has been prepared under the indirect method as set out in the "Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows" issued by the Institute of Chartered Accountants of India.
- Disclosure with regards to changes in liabilities arising from Financing activities as set out in Ind AS 7 - Statement of Cash flows is presented under Note-21(a).

**D. V. Parikh**  
Executive Director & CFO

**A. C. Shah**  
Company Secretary

**For and on behalf of the Board of Directors,**  
**Pankaj Joshi, IAS**  
Managing Director  
DIN-01532892

**Vipul Mittra, IAS**  
Chairman  
DIN-03108280

Place : Gandhinagar  
Date : 18 May 2023

As per our report of even date  
For **Suresh Surana & Associates LLP**  
Chartered Accountants  
(Firm Registration No.: 121750W/W-100010)

Place : Mumbai  
Date : 18 May 2023

**Ramesh Gupta**  
Partner  
Membership No. 102306

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

### 1 Corporate information

The consolidated financial statements comprise financial statements of Gujarat Narmada Valley Fertilizers & Chemicals Limited ('the Company') for the year ended March 31, 2023. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is located at P.O: Narmadanagar-392 015, Dist.: Bharuch, Gujarat.

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

The financial statements were authorized for issue in accordance with a resolution of the Board of Directors on May 18, 2023.

### 2 Significant accounting policies

#### 2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

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

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

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

#### 2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at March 31, 2023.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies. The financial statements of subsidiary used for the purpose of consolidation are drawn up to same reporting date as that of the parent Group, i.e., year ended on March 31, 2023.

#### Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements from the date of incorporation.
- (b) Offset (eliminate) the carrying amount of the parent's investment in a subsidiary.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

#### 2.3 Summary of significant accounting policies

##### a) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

##### b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle; or
- Held primarily for the purpose of trading; or
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle; or
- It is held primarily for the purpose of trading; or
- It is due to be settled within twelve months after the reporting period; or



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

- 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.

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

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

### c) Foreign currency transactions

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

### d) 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 translated at the exchange rate prevailing on the balance sheet date and the resultant exchange gains or losses are recognised in the Consolidated Statement of Profit and Loss.

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

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

### e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

### CONSOLIDATED

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

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

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

- Disclosures for valuation methods, significant estimates and assumptions (refer Note 49)
- Quantitative disclosures of fair value measurement hierarchy (refer Note 49.2)
- Investment in unquoted equity shares (refer Note 8)
- Investment properties (refer Note 6)
- Financial instruments (including those carried at amortized cost) (refer Note 49.1)

#### **f) Revenue from contracts with customers**

Revenue from contracts with customers is recognised when the control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company derives its revenues from sale of goods such as fertilizers, industrial chemicals, government subsidies on sale of fertilizers and information technology related hardware / software services. The Company is generally the principal in its revenue arrangements because it controls goods or services before transferring them to the customer, except for the agency services where revenue is recognised on net basis.

The disclosure of significant accounting judgements, estimates and assumptions relating to revenue from contract with customers are provided in Note 3.

#### **Sale of goods**

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods except in certain cases where goods are sold under bill and hold arrangement.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

The Company considers whether there are other promises in the contract (supply of information technology goods) that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. installation, warranties etc.) based on materiality of such obligation. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration and consideration payable to the customer (if any).

Amount disclosed as revenue are net of trade discounts, rebates, incentives and goods & service tax (GST). The Company collects GST on behalf of the government and therefore, these are not economic benefits flowing to the Company. Hence, these are excluded from the revenue. The Company recognizes changes in the estimated amount of liability for discounts, rebates and incentives in the period in which the change occurs.

Installation, as applicable, is integral part of delivery of goods. The Company typically provides warranties for general repairs of defect that existed at the time of sale, as required by law. These assurance type warranties are accounted for under Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets unless it is fully realisable from the supplier.

### **Bill-and-hold arrangement**

A bill-and-hold arrangement is a contract under which an entity bills a customer for a product but the entity retains physical possession of the product until it is transferred to the customer at a point in time in the future. The Company does not control the product. Instead, it provides custodial services to the customer over the customer's asset.

The Company recognizes the revenue under Bill-and-Hold arrangements only when it satisfies all of the below criteria along with the other criteria as specified under Ind AS 115 – revenue from contract with customers:

- There is a substantive reason for the bill-and-hold arrangement.
- The product is identified separately as belonging to the customer;
- The product currently is ready for physical transfer to the customer; and
- The Company do not have the ability to use the product or to direct it to another customer.

### **Urea product subsidy**

Urea Subsidy under the New Urea Policy - 2015 is recognised as per concession rates notified by the Government of India (GoI) at the point in time when the quantity is transferred / delivered to customers. Urea Subsidy is further adjusted for input price escalation/ de-escalation as estimated by the Management based on the prescribed norms. The Company recognises the subsidy based on quantity sold.

### **ANP product subsidy**

ANP Subsidy under Nutrient Based Subsidy (NBS) w.e.f. 01.04.2010 and amendments thereto is recognised as per the concession rates notified by the Government of India (GoI) at the point in time when the quantity is transferred / delivered to customers. The Company recognises the subsidy based on quantity sold.

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

Freight Subsidy is recognized for the quantity transferred / delivered to customers based on the notified rates approved by the GoI in case of Urea and on the normative notified rates approved by the GoI or the actual freight whichever is lower in case of ANP.

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

Income from services rendered by the Information Technology division (including operation and maintenance) is recognized as and when the services are transferred to the customer at an amount that reflect the consideration to which the Company expects to be entitled in exchange for those services.

### **Interest income**

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

#### **Dividends**

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend except for interim dividend which is recognised based on approval of the Board of Directors of investee company.

#### **Insurance claims**

Claims receivable on account of insurance are accounted for to the extent no significant uncertainty exist for the measurement and realisation of the amount.

#### **Government grants and export incentives**

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

#### **Export incentive**

Export incentives under various schemes notified by government are accounted for in the year of exports based on the eligibility, reasonable accuracy and conditions precedent to claim are fulfilled.

#### **g) Contract balances**

##### **Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

##### **Trade receivables (including subsidy receivables)**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section Q "Financial instruments – initial recognition and subsequent measurement".

##### **Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

#### **h) Taxes**

Tax expense comprises of current income tax and deferred tax.

##### **Current income tax**

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

The Company has decided to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 from the financial year 2021-2022 under which domestic companies have the option to pay income tax at lower rate ("New tax rate") subject to the giving up of certain incentives and deductions. Accordingly, the provision for current tax for the financial year ended on March 31, 2023 and March 31, 2022 is measured at the New tax rate.

### Deferred tax

Deferred tax is provided using the liability approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Deferred tax assets and liabilities are offset if and only if there is a legally enforceable right to offset corresponding current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company. Current tax assets and current tax liabilities are offset where the entity has a legally enforceable right to offset the recognized amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### i) **Property, plant and equipment (PPE)**

#### **Measurement at recognition**

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses, if any.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of PPE is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Such cost includes the cost of replacing part of the plant and equipment if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life.

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

#### Capital Work in progress

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as Other Non-Current Assets.

#### Depreciation

Depreciation on each part of an item of property, plant and equipment is provided using the Straight Line Method based on the useful life of the asset as prescribed under Part C of Schedule II of the Companies Act, 2013 or based on technical assessment by the Company taking into account the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, past history of replacements, manufacturers warranties and maintenance support, etc.

The useful lives for certain categories of property, plant & equipments are different from those prescribed under Part C of Schedule II of the Companies Act, 2013 based on management estimates. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be use. Category wise details are as under:

| Sr No | Category                                       | Useful life in years       |
|-------|--|----------------------------|
| 1     | Plant and equipment (including capital spares) | Ranging from 1 to 40 years |
| 2     | Furniture and Fixtures                         | Ranging from 2 to 20 years |
| 3     | Office equipments                              | Ranging from 1 to 13 years |
| 4     | Roads, culverts and compound wall              | Ranging from 3 to 30 years |
| 5     | Water supply and drainage system               | Ranging from 5 to 15 years |

The identified components of Property, Plant and Equipments are depreciated over their useful lives and the remaining components are depreciated over the life of principal assets.

Freehold land is not depreciated. Lease hold land is amortized over the lease term of 99 years.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate and adjusted prospectively, if appropriate.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

**De-recognition**

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the De-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

**j) Investment Properties**

Investment properties are measured initially at original cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

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

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

**k) Intangible assets**

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

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

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

| Sr No | Intangible Assets | Method of Amortization | Estimated Useful life                             |
|-------|-------------------|------------------------|---|
| 1     | Computer software | on straight line basis | Three years or validity period whichever is lower |
| 2     | Licenses          |                        | Over its useful life of 20 years                  |

**l) Borrowing costs**

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

#### m) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 01, 2017, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

#### Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (i) Right-of-use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

| Sr No | Category  | Life          |
|-------|---|---------------|
| 1     | Land  | 8 to 30 years |
| 2     | Building (includes Godown / warehouses & office premises) | 3 to 5 years  |
| 3     | Vehicle   | 3 years       |

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (n) Impairment of non-financial assets.

#### (ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

### (iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of building, machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### Company as a lessor

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

### n) Inventories

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

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

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

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

All other inventories of stores and consumables (including coal) are valued at Moving Weighted Average Cost basis.

Stores and Spares includes equipment spare parts, catalyst and others which are held as inventory by the Company.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### o) Impairment of non-financial assets

The 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. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The 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

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budget / forecast the Company extrapolates cash flow projection in the budget working a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case this growth rate does not exceed the long term average growth rate for the products, industry or the market in which the asset is used.

Impairment losses including impairment on inventories, are recognized in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss as an exceptional item.

Under Ind AS 116 para 33 right-of-use assets are subject to the impairment requirements of Ind AS 36 - Impairment of assets.

#### p) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### q) Retirement and other employee benefits

Retirement benefit in the form of Provident Fund is a defined benefit contribution scheme. The Company has no obligation other than the contribution payable to the Provident Fund. The Company recognizes contribution payable to the Provident Fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability. Till the financial year 2019-20 end, the Company had separate recognized Provident Fund trusts for all the employees of the Company. The Company had an obligation to make good the shortfall, if any, between the return from the investments of the trusts and the interest rate notified by Government.

The employee's gratuity fund scheme and post-retirement medical benefit schemes are Company's defined benefit plans. The contributions under the plans are made to separately administered funds. The cost of providing benefits under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on the net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short term employee benefits. The Company measures the expected cost of such absence as the additional amount that is expected to pay as a result of the unused estimate that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months as long term compensated absences which are provided for based on actuarial valuation as at the end of the period. The actuarial valuation is done as per Projected Unit Credit Method.

### r) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial assets

##### Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in case of financial asset not recorded at fair value through profit and loss, transaction cost that are attributable to the acquisition of the financial assets.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (e) for Revenue from contracts with customers.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date. i.e. the date that the Company commits to purchase or sell the asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets measured at amortized cost (debt instrument)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets measured at fair value through profit or loss (FVTPL)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### (i) Financial assets measured at amortized cost (debt instrument)

A 'financial asset' is measured at amortized cost if both the following conditions are met:

- (a) the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category generally applies to cash and bank balances, trade receivables, investments in unquoted equity shares of subsidiary entity and associate entity, investment in G-sec, loans & advances and other financial assets of the Company (Refer note 49 for further details).

This category is most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss except where the Company has given temporary waiver of interest not exceeding 12 months period.

#### (ii) Financial assets designated at fair value through OCI (equity instruments)

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment / de-recognition of investment on restructuring by investee. However, the Company may transfer the cumulative gain or loss into retained earnings within equity. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

#### (iii) Financial assets at fair value through profit or loss (FVTPL)

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 recognised in the statement of profit and loss.

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has designated Loans to employees, investments in Government Securities, Debentures and State Development Loans and other advances. (Refer note 49 for further details).

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On Derecognition of a financial asset, (except as mentioned in (ii) above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

### Impairment of financial assets

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure ;

- a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits and bank balances.
- b) Financial assets that are equity instruments and are measured at fair value through other comprehensive income (FVTOCI)
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables.

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Lifetime ECL are the expected credit losses resulting from all possible default over the expected life of a financial instrument.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ECL is the difference between all contracted cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / (expense) in the statement of profit and loss (P&L). This amount is reflected under the head "Other Expense / Other Income" in the P&L.

The balance sheet presentation for various financial instruments is described below:

### Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

#### **Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

##### **Subsequent measurement**

For the purpose of subsequent measurement, financial liabilities are classified into two categories:

- (i) Financial liabilities measured at fair value through profit or loss
- (ii) Financial liabilities measured at amortised cost (loans and borrowings)

##### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risk are recognized in OCI. These gains / losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at FVTPL.

##### **Financial liabilities measured at amortised cost (loans and borrowings)**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

##### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023****Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**s) Derivative financial instruments****Initial recognition and subsequent measurement**

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value through profit or loss (FVTPL) on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivative financial instrument or on settlement of such derivative financial instruments are recognized in statement of profit and loss and are classified as Foreign Exchange (Gain) / Loss except those relating to borrowings, which are separately classified under Finance Cost.

**t) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Company's cash management.

**u) Cash dividend to equity holders of the Company**

The Company recognizes a liability to pay dividend to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

**v) Earnings per share**

Basic earnings per share are calculated by dividing the profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### 2.4 Recent accounting pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

##### **Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

##### **Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.

##### **Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

#### 3 Significant accounting judgement, estimates and assumptions

The preparation of the Company’s Ind AS Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

##### **Judgements**

In the process of applying the Companies accounting policies, management has made the following judgements which have the most significant effects on the amounts recognised in the financial statements.

##### **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 its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

##### **Taxes**

Deferred tax assets are recognized for unused tax credits to the extent that it is probable that taxable profit will be available against which the credits can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details on taxes are disclosed in Note 26.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023****Defined benefit plans (gratuity benefits and other post-employment medical benefits)**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of these obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, medical cost escalations and mortality rates etc. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates and Company's obligation under Long Term Wage Settlement which is evaluated in block of four years. Medical cost escalations are based on expected future medical expenditure.

Further details about gratuity and post-employment medical benefits obligations are given in Note 41.

**Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note 49 for further disclosures.

**Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the future years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance being tested. The cash flow projections, beyond period covered by the most recent budget / forecast, the Company extrapolates cash flow projections taking base of budget working using a steady or declining growth rate for subsequent years unless an increasing trend can be justified. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes

**Leases - Estimating the incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

**Note 4 : Property, plant and equipment**

(₹ Crores)

| Cost                               | Land freehold | Land lease hold | Leasehold Land Development | Buildings     | Plant and equipment | Furniture and fixture | Vehicles and | Office equipment | Roads, culverts and compound wall | Water supply and drainage system | Railway sidings | Total           |
|------------------------------------|---------------|-----------------|----------------------------|---------------|---------------------|-----------------------|--------------|------------------|-----------------------------------|----------------------------------|-----------------|-----------------|
| <b>As at April 01, 2021</b>        | <b>111.03</b> | <b>240.54</b>   | <b>9.62</b>                | <b>441.73</b> | <b>6,832.37</b>     | <b>34.93</b>          | <b>6.63</b>  | <b>11.84</b>     | <b>71.53</b>                      | <b>128.31</b>                    | <b>3.77</b>     | <b>7,892.30</b> |
| Additions                          | -             | -               | -                          | 8.08          | 135.80              | 0.69                  | 0.77         | 0.88             | 1.17                              | -                                | -               | 147.39          |
| Disposals                          | -             | -               | -                          | -             | (15.32)             | (0.51)                | (0.30)       | (1.05)           | -                                 | -                                | -               | (17.18)         |
| Reclassification                   | -             | -               | -                          | (0.73)        | 3.31                | (2.58)                | -            | -                | -                                 | -                                | -               | -               |
| <b>As at March 31, 2022</b>        | <b>111.03</b> | <b>240.54</b>   | <b>9.62</b>                | <b>449.08</b> | <b>6,956.16</b>     | <b>32.53</b>          | <b>7.10</b>  | <b>11.67</b>     | <b>72.70</b>                      | <b>128.31</b>                    | <b>3.77</b>     | <b>8,022.51</b> |
| Additions                          | -             | -               | -                          | 4.06          | 87.65               | 5.02                  | 0.90         | 0.59             | 2.66                              | 0.26                             | 3.28            | 104.42          |
| Disposals                          | -             | -               | -                          | -             | (23.56)             | (0.36)                | (0.73)       | (0.27)           | -                                 | (1.98)                           | (0.08)          | (26.98)         |
| Reclassification                   | -             | (240.54)        | -                          | (24.49)       | -                   | -                     | -            | -                | -                                 | -                                | -               | (265.03)        |
| <b>As at March 31, 2023</b>        | <b>111.03</b> | <b>-</b>        | <b>9.62</b>                | <b>428.65</b> | <b>7,020.25</b>     | <b>37.19</b>          | <b>7.27</b>  | <b>11.99</b>     | <b>75.36</b>                      | <b>126.59</b>                    | <b>6.97</b>     | <b>7,834.92</b> |
| <b>Depreciation / Amortisation</b> |               |                 |                            |               |                     |                       |              |                  |                                   |                                  |                 |                 |
| <b>As at April 01, 2021</b>        | <b>-</b>      | <b>20.87</b>    | <b>0.12</b>                | <b>130.98</b> | <b>3,897.49</b>     | <b>24.83</b>          | <b>3.82</b>  | <b>10.03</b>     | <b>44.61</b>                      | <b>76.25</b>                     | <b>3.58</b>     | <b>4,212.58</b> |
| Depreciation for the year          | -             | 2.52            | 0.34                       | 12.54         | 256.26              | 2.05                  | 0.68         | 0.56             | 5.31                              | 6.09                             | -               | 286.35          |
| Reclassification                   | -             | -               | -                          | (0.01)        | 2.17                | (2.16)                | -            | -                | -                                 | -                                | -               | -               |
| Disposals                          | -             | -               | -                          | -             | (14.22)             | (0.45)                | (0.13)       | (0.99)           | -                                 | -                                | -               | (15.79)         |
| <b>As at March 31, 2022</b>        | <b>-</b>      | <b>23.39</b>    | <b>0.46</b>                | <b>143.51</b> | <b>4,141.70</b>     | <b>24.27</b>          | <b>4.37</b>  | <b>9.60</b>      | <b>49.92</b>                      | <b>82.34</b>                     | <b>3.58</b>     | <b>4,483.14</b> |
| Depreciation for the year          | -             | -               | 0.34                       | 12.55         | 267.57              | 2.49                  | 0.58         | 0.63             | 4.41                              | 6.06                             | 0.18            | 294.81          |
| Reclassification                   | -             | (23.39)         | -                          | (3.18)        | -                   | -                     | -            | -                | -                                 | -                                | -               | (26.57)         |
| Disposals                          | -             | -               | -                          | -             | (22.01)             | (0.34)                | (0.51)       | (0.25)           | -                                 | (1.81)                           | (0.07)          | (24.99)         |
| <b>As at March 31, 2023</b>        | <b>-</b>      | <b>-</b>        | <b>0.80</b>                | <b>152.88</b> | <b>4,387.26</b>     | <b>26.42</b>          | <b>4.44</b>  | <b>9.98</b>      | <b>54.33</b>                      | <b>86.59</b>                     | <b>3.69</b>     | <b>4,726.39</b> |
| <b>Net Block</b>                   |               |                 |                            |               |                     |                       |              |                  |                                   |                                  |                 |                 |
| <b>As at March 31, 2023</b>        | <b>111.03</b> | <b>-</b>        | <b>8.82</b>                | <b>275.77</b> | <b>2,632.99</b>     | <b>10.77</b>          | <b>2.83</b>  | <b>2.01</b>      | <b>21.03</b>                      | <b>40.00</b>                     | <b>3.28</b>     | <b>3,108.53</b> |
| <b>As at March 31, 2022</b>        | <b>111.03</b> | <b>217.15</b>   | <b>9.16</b>                | <b>305.57</b> | <b>2,814.46</b>     | <b>8.26</b>           | <b>2.73</b>  | <b>2.07</b>      | <b>22.78</b>                      | <b>45.97</b>                     | <b>0.19</b>     | <b>3,539.37</b> |

**Notes :**

- Leasehold Land pertains to the costs incurred for leasehold land in possession of the Company as a Licensee, pending completion formalities of the lease agreement for a term of 99 years in respect of certain land areas situated at Dahej and Atali.
- Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' acquired under Government of India policy for reimbursement of project cost over a period of five years from the date of commercial production, was capitalized on 01.10.2013. Accordingly, plant and equipment include assets amounting to ₹ 1,215.64 crores (net of decapitalisation) represented by capital grant of ₹ 1,213.06 crores.
- Assets given on lease included in plant and equipment :
  - Cost as at March 31, 2023 is ₹ 9.39 crores (March 31, 2022 ₹ 9.39 crores)
  - Depreciation as at March 31, 2023 is ₹ 8.92 crores (March 31, 2022 ₹ 8.92 crores)
  - Net block as at March 31, 2023 is ₹ 0.47 crore (March 31, 2022 ₹ 0.47 crore)
- Additions to property, plant & equipment during the year include ₹ Nil (previous year: ₹ Nil) used for research and development activities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

e. Disclosure with respect to the Title deeds of Immovable Property not held in the name of the Company is as below:

A) List of Immovable Properties as at 31.03.2023

| Relevant line item in the Balance Sheet | Description of item of property | Gross carrying value (₹ Crores) | Title deeds held in the name of                     | Whether title deed holder is a promoter*, director or relative** of promoter / director or employee of promoter / director | Property held since which date | Reason for not being held in the name of the company  | Is there any Dispute |
|---|---------------------------------|---------------------------------|---|--|--------------------------------|---|----------------------|
| Land leasehold                          | Land leasehold                  | 43.05                           | Gujarat Industrial Development Corporation, Bharuch | NO   | 04.09.2012                     | The lease deed for plots allotted are not executed in favour of GNFC because of the some of the portion of the lands are Gaucher and Government Land are falling in the plot allotted to the Company and lease will be executed after allotment of Gaucher and Government Land to GNFC. | NO                   |

\*Promoter here means promoter as defined in Section 2(69) of the Companies Act, 2013

\*\*Relative here means relative as defined in Section 2(77) of the Companies Act, 2013

B) List of Immovable Properties as at 31.03.2023

| Relevant line item in the Balance Sheet | Description of item of property | Gross carrying value (₹ Crores) | Title deeds held in the name of                     | Whether title deed holder is a promoter*, director or relative** of promoter / director or employee of promoter / director | Property held since which date | Reason for not being held in the name of the company  | Is there any Dispute |
|---|---------------------------------|---------------------------------|---|--|--------------------------------|---|----------------------|
| Land leasehold                          | Land leasehold                  | 43.05                           | Gujarat Industrial Development Corporation, Bharuch | NO   | 04.09.2012                     | The lease deed for plots allotted are not executed in favour of GNFC because of the some of the portion of the lands are Gaucher and Government Land are falling in the plot allotted to the Company and lease will be executed after allotment of Gaucher and Government Land to GNFC. | NO                   |

\*Promoter here means promoter as defined in Section 2(69) of the Companies Act, 2013

\*\*Relative here means relative as defined in Section 2(77) of the Companies Act, 2013

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Note 5 : Capital Work in Progress

##### 5.1 : Capital work in progress is as under:

- **Gross block** as at March 31, 2023 is ₹ **187.01** crores (March 31, 2022 ₹ 142.40 crores)
- **Impairment provision** as at March 31, 2023 is **Nil** (March 31, 2022 ₹ 4.68 crores)
- **Net block** as at March 31, 2023 is ₹ **187.01** crores (March 31, 2022 ₹ 137.72 crores)

It mainly includes cost incurred on Coal based captive power plant at dahej (₹ 52.74 crores), plant and equipment procured at CNA-IV Project (₹ 61.17 crores), ANI-TDI Plant (₹ 14.04 crores), Ammonia Plant (₹ 10.56 crores), PSA unit (₹ 6.31 crores), TDI II Dahej Plant (₹ 5.95 crores), Solar 4 MW Plant (₹ 5.83 crores), Urea Plant (₹ 4.84 crores), Coal handling plant (₹ 2.07 crores), Formic Acid Plant (₹ 1.76 crores), CPP Plant (₹ 1.58 crores) CPSU Plant (₹ 1.56 crores) and CNA - III Plant (₹ 1.09 crores).

##### 5.2 : CWIP Ageing Schedule

(₹ Crores)

| Particulars                   | Amount in CWIP for a period of |              |              |                   | Grand Total   |
|-------------------------------|--------------------------------|--------------|--------------|-------------------|---------------|
|                               | Less than 1 year               | 1 to 2 year  | 2 to 3 year  | more than 3 years |               |
| <b>As on 31.03.2023</b>       |                                |              |              |                   |               |
| Projects in progress          | 122.14                         | 44.00        | 18.35        | 2.52              | 187.01        |
| <b>Total as on 31.03.2023</b> | <b>122.14</b>                  | <b>44.00</b> | <b>18.35</b> | <b>2.52</b>       | <b>187.01</b> |
| <b>As on 31.03.2022</b>       |                                |              |              |                   |               |
| Projects in progress          | 75.70                          | 54.06        | 6.55         | 1.41              | 137.72        |
| <b>Total as on 31.03.2022</b> | <b>75.70</b>                   | <b>54.06</b> | <b>6.55</b>  | <b>1.41</b>       | <b>137.72</b> |

**Note :** As on March 31, 2022 one project related to Amine Water Effluent Treatment facility at Aniline-TDI complex was suspended. The project was commenced in 2017 and total expenditure incurred till March 31, 2022 was ₹ 4.68 crores. The Company had already created impairment provision of ₹ 4.68 crores against the same and hence the details of the same is not covered in above ageing table of 31.03.2022.

Further, during the year the said project was written off against the impairment provision created in earlier years.

##### 5.3 : CWIP completion schedule for capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan.

(₹ Crores)

| Particulars   | To be completed in |             |             |                   |
|---|--------------------|-------------|-------------|-------------------|
|   | Less than 1 year   | 1 to 2 year | 2 to 3 year | more than 3 years |
| <b>As on 31.03.2023</b>                                 |                    |             |             |                   |
| <b>Projects and Schemes in Progress</b>                 |                    |             |             |                   |
| - CNA - IV Project                                      | 48.05              | -           | -           | -                 |
| - 4 MW Solar Power Plant                                | 20.45              | -           | -           | -                 |
| - Energy Conservation Turbine at ANI-TDI                | 6.15               | -           | -           | -                 |
| - Additional MTD storage tanks                          | 3.42               | -           | -           | -                 |
| - Corporate Building 3rd Floor renovation               | 1.72               | -           | -           | -                 |
| - New fire station building - TDI-II Dahej              | 1.42               | -           | -           | -                 |
| - Secondary Combustion Chamber at ANI-TDI               | 1.43               | -           | -           | -                 |
| - Fire water pump house upgradation                     | 1.26               | -           | -           | -                 |
| - Boundary wall around Township                         | 1.22               | -           | -           | -                 |
| - Installation of Buffer tank EA plant                  | 1.17               | -           | -           | -                 |
| - Height Increase of Rock Phosphate Silo                | 1.08               | -           | -           | -                 |
| - Additional storage facility of Toluene - TDI-II Dahej | 0.69               | -           | -           | -                 |
| - CNA Storage Buffer Tank                               | 0.63               | -           | -           | -                 |
| - Other Various Modification / Upgradation schemes      | 2.39               | -           | -           | -                 |
| <b>Total as on 31.03.2023</b>                           | <b>91.08</b>       | <b>-</b>    | <b>-</b>    | <b>-</b>          |

None of the projects has exceeded its cost compared to its original plan Except -CNA - IV Project which is exceeded by ₹ 23.04 crores.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**(₹ Crores)**

| Particulars   | To be completed in  |                |                |                      |
|---|---------------------|----------------|----------------|----------------------|
|   | Less than<br>1 year | 1 to 2<br>year | 2 to 3<br>year | more than<br>3 years |
| <b>As on 31.03.2022</b>                                 |                     |                |                |                      |
| <b>Projects and Schemes in Progress</b>                 |                     |                |                |                      |
| - CNA - IV Project                                      | 63.39               | -              | -              | -                    |
| - Formic Acid Revamp Project                            | 27.60               | -              | -              | -                    |
| - Energy Conservation Turbine at ANI-TDI                | 9.04                | -              | -              | -                    |
| - Additional Chlorine Bullet Facility - TDI-II Dahej    | 3.74                | -              | -              | -                    |
| - New fire station building - TDI-II Dahej              | 3.39                | -              | -              | -                    |
| - Secondary Combustion Chamber at ANI-TDI               | 1.80                | -              | -              | -                    |
| - Fire water pump house upgradation                     | 1.57                | -              | -              | -                    |
| - Additional storage facility of Toluene - TDI-II Dahej | 1.23                | -              | -              | -                    |
| - New Metallic storage tank for acidic eff ETP Dahej    | 0.90                | -              | -              | -                    |
| - Fire water Pumps & Storage at ANI-TDI                 | 0.73                | -              | -              | -                    |
| - Extension on control Room - TDI II Dahej              | 0.65                | -              | -              | -                    |
| - Other Various Modification / Upgradation schemes      | 4.21                | -              | -              | -                    |
| <b>Total as on 31.03.2022</b>                           | <b>118.25</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>             |

None of the projects has exceeded its cost compared to its original plan Except -CNA - IV Project which is exceeded by ₹ 23.04 crores.

**Note 6 : Investment property**
**(₹ Crores)**

| Particulars                        | Building     | Total        |
|------------------------------------|--------------|--------------|
| <b>Cost</b>                        |              |              |
| <b>As at April 01, 2021</b>        | <b>25.93</b> | <b>25.93</b> |
| Additions (subsequent expenditure) | -            | -            |
| <b>As at March 31, 2022</b>        | <b>25.93</b> | <b>25.93</b> |
| Additions (subsequent expenditure) | -            | -            |
| Reclassification                   | 24.49        | 24.49        |
| <b>As at March 31, 2023</b>        | <b>50.42</b> | <b>50.42</b> |
| <b>Depreciation</b>                |              |              |
| <b>As at April 01, 2021</b>        | <b>8.23</b>  | <b>8.23</b>  |
| Depreciation for the year          | 0.42         | 0.42         |
| <b>As at March 31, 2022</b>        | <b>8.65</b>  | <b>8.65</b>  |
| Depreciation for the year          | 0.81         | 0.81         |
| Reclassification                   | 3.18         | 3.18         |
| <b>As at March 31, 2023</b>        | <b>12.64</b> | <b>12.64</b> |
| <b>Net Block</b>                   |              |              |
| <b>As at March 31, 2023</b>        | <b>37.78</b> | <b>37.78</b> |
| As at March 31, 2022               | 17.28        | 17.28        |

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

##### Information regarding income and expenditure of Investment property

(₹ Crores)

| Particulars   | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| Rental income derived from Investment properties  | 7.77                         | 5.65                         |
| Direct operating expenses (including repairs and maintenance) generating rental income            | (2.37)                       | (2.01)                       |
| Direct operating expenses (including repairs and maintenance) that did not generate rental income | (0.62)                       | (2.21)                       |
| <b>Profit arising from investment property before depreciation and indirect expenses</b>          | <b>4.78</b>                  | <b>1.43</b>                  |
| Less : Depreciation   | (0.81)                       | (0.42)                       |
| <b>Profit arising from investment property before indirect expenses</b>                           | <b>3.97</b>                  | <b>1.01</b>                  |

- (i) As at March 31, 2023 and March 31, 2022 the fair values of the investment property is ₹ 111.55 crores and ₹ 85.20 crores respectively, based on valuations performed by an accredited independent valuer, who is a specialist in valuing such types of investment properties.
- (ii) The Company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
- (iii) Fair value hierarchy disclosure for investment properties have been provided in Note 50.2.

##### Note 7 : Intangible assets

(₹ Crores)

| Particulars                 | Computer software | Licenses     | Total        |
|-----------------------------|-------------------|--------------|--------------|
| <b>Cost</b>                 |                   |              |              |
| <b>As at April 01, 2021</b> | <b>25.05</b>      | <b>34.29</b> | <b>59.34</b> |
| Additions                   | 2.82              | -            | 2.82         |
| Deletion                    | -                 | -            | -            |
| <b>As at March 31, 2022</b> | <b>27.87</b>      | <b>34.29</b> | <b>62.16</b> |
| Additions                   | 2.46              | -            | 2.46         |
| Deletion                    | (0.45)            | -            | (0.45)       |
| <b>As at March 31, 2023</b> | <b>29.88</b>      | <b>34.29</b> | <b>64.17</b> |
| <b>Amortization</b>         |                   |              |              |
| <b>As at April 01, 2021</b> | <b>20.41</b>      | <b>17.83</b> | <b>38.24</b> |
| Amortization for the year   | 2.41              | 1.55         | 3.96         |
| Disposals                   | -                 | -            | -            |
| <b>As at March 31, 2022</b> | <b>22.82</b>      | <b>19.38</b> | <b>42.20</b> |
| Amortization for the year   | 2.34              | 1.55         | 3.89         |
| Disposals                   | (0.45)            | -            | (0.45)       |
| <b>As at March 31, 2023</b> | <b>24.71</b>      | <b>20.93</b> | <b>45.64</b> |
| <b>Net Block</b>            |                   |              |              |
| <b>As at March 31, 2023</b> | <b>5.17</b>       | <b>13.36</b> | <b>18.53</b> |
| As at March 31, 2022        | 5.05              | 14.91        | 19.96        |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**Note 8 : Investments**
**(₹ Crores)**

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Trade Investments</b>   |                         |                         |
| <b>(i) Investment in Associate at cost (Unquoted)</b>  |                         |                         |
| <b>Investment in equity instrument</b>   |                         |                         |
| <b>(In fully paid up equity shares)</b>  |                         |                         |
| 12,50,000 (previous year 12,50,000) Equity shares of Gujarat Green Revolution Company Limited of ₹ 10/- each **  | 100.00                  | 92.44                   |
| <b>Total</b>   | <u>100.00</u>           | <u>92.44</u>            |
| <b>Non- Trade Investments</b>  |                         |                         |
| <b>(i) Investments at fair value through other comprehensive income (FVTOCI) [Refer note (a &amp; b)]</b>  |                         |                         |
| <b>Investments at FVTOCI</b>   |                         |                         |
| <b>Investments in equity instruments-quoted</b>  |                         |                         |
| <b>(In fully paid up equity shares)</b>  |                         |                         |
| A) 75,00,000 (previous year 75,00,000) Equity Shares of Gujarat State Fertilizers & Chemicals Limited of ₹ 2/- each  | 89.25                   | 121.54                  |
| B) 17,59,996 (previous year 17,59,996) Equity Shares of Gujarat Alkalies & Chemicals Limited of ₹ 10/- each  | 102.99                  | 157.79                  |
| C) 80,00,000 (previous year 80,00,000) Equity Shares of Gujarat State Petronet Limited of ₹ 10/- each  | 212.00                  | 207.24                  |
| D) 2,66,445 (previous year 2,66,445) Equity Shares of Gujarat Gas Limited of ₹ 2/- each  | 12.25                   | 13.41                   |
|  | <u>416.49</u>           | <u>499.98</u>           |
| <b>Investments in equity instruments-unquoted</b>  |                         |                         |
| A) 2,15,43,200 (previous year 2,15,43,200) equity shares of Gujarat State Petroleum Corporation Limited of ₹ 1/- each  | 32.72                   | 24.09                   |
| B) 42,000 (previous year 42,000) equity shares of Bharuch Enviro Infrastructure Limited of ₹ 10/- each   | 10.92                   | 13.19                   |
| C) 20,000 (previous year 20,000) equity shares of Gujarat Venture Finance Limited of ₹ 10/- each   | 0.49                    | 0.55                    |
| D) 18,39,60,000 (previous year 18,39,60,000) equity shares of Gujarat Chemical Port Limited of ₹ 1/- each (formerly known as Gujarat Chemical Port Terminal Company Limited) | 521.71                  | 607.07                  |
| E) 2,42,10,000 (previous year 2,42,10,000) equity shares of Ecophos GNFC Private Limited of ₹ 10/- each @, #   | - *                     | - *                     |
| F) 1,35,30,000 (previous year 1,35,30,000) equity shares of Bharuch Dahej Railway Company Limited of ₹ 10/- each   | 15.49                   | 10.82                   |
|  | <u>581.33</u>           | <u>655.72</u>           |
| <b>Total Investments at FVTOCI</b>   | <u>997.82</u>           | <u>1,155.70</u>         |

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ Crores)

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>(ii) Investments at fair value through profit and loss (FVTPL)</b>      |                         |                         |
| <b>Investments at FVTPL - Unquoted</b>                                     |                         |                         |
| A) Investments in Government securities                                    | 3.45                    | 3.53                    |
| B) Investments in Debentures \$  | 14.71                   | 52.34                   |
| C) Investments in State Development Loans                                  | 8.54                    | 8.94                    |
| <b>Total Investments at FVTPL</b>  | <b>26.70</b>            | <b>64.81</b>            |
| <b>(iii) Investments at amortized cost</b>                                 |                         |                         |
| <b>Investments at Amortized cost - Unquoted</b>                            |                         |                         |
| A) Investments in Government securities                                    | 2,080.67                | -                       |
| <b>Total Investments at Amortized cost</b>                                 | <b>2,080.67</b>         | <b>-</b>                |
| <b>Non-current</b>   | <b>2,884.17</b>         | <b>1,248.14</b>         |
| <b>Current</b>   | <b>321.02</b>           | <b>64.81</b>            |
| <b>Total investments</b>   | <b>3,205.19</b>         | <b>1,312.95</b>         |
| <b>Aggregate book value of quoted investments and market value thereof</b> | <b>416.49</b>           | <b>499.98</b>           |
| <b>Aggregate amount of unquoted investments</b>                            | <b>2,788.70</b>         | <b>812.97</b>           |
| * Amount nullified on conversion to ₹ crores.                              |                         |                         |
| ** Investment in Associate is accounted under Equity method as under:      |                         |                         |
| Opening Carrying Value of Investments                                      | 92.44                   | 85.78                   |
| Addition during the year   | 7.56                    | 6.66                    |
| Carrying Value of Investments at the year end                              | <b>100.00</b>           | <b>92.44</b>            |

Ⓓ The Company is carrying physical share certificate in respect of this investment.

# M/s Ecophos GNFC Private Limited (EGIPL) is the joint venture company formed by the Company and M/s Ecophos S.A - a Belgium based company for manufacturing of Di-Calcium Phosphate (DCP) at Dahej location. The Company holds 15% shareholding of EGIPL at issued value of ₹ 24.21 crores. During the FY 2019-20, M/s Ecophos S.A. (shareholder) holding 85% shareholding of EGIPL had applied for bankruptcy. Consequently all the nominee directors of EGIPL, Managing Director and Company Secretary of EGIPL resigned. Plant installation for manufacturing of DCP didn't commenced. Accordingly, the Company valued such investment as at March 31, 2023 and as at March 31, 2022 at the nominal consideration of ₹ 1.

\$ The Company had acquired various securities from GNFC-EPFT which includes investments in various long term secured/unsecured Non-Convertible Debentures (NCD) issued by IL&FS Group & NCD issued by Reliance Capital Limited. Such investments have been recorded at the nominal fair values of ₹ 8.20 only (i.e. ₹ 1 for each security) as against total face value of ₹ 39.62 crores.

(a) The fair value of the quoted equity investments are derived from quoted market prices in active market.

(b) Investments include investment in unquoted equity shares. Fair value of unquoted investment in equity instrument have been carried out by independent valuer using Net Assets Value model and comparable companies model following Market Approach and Asset Approach. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk, volatility, net assets and market multiples. The probabilities of various estimates within the range can be reasonably assessed and are used in management's estimates for fair value for these unquoted equity instruments.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**Reconciliation of fair value measurement of the investments in equity shares (₹ Crores)**

| Particulars   | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| Opening Balance   | 1,155.70                     | 779.89                       |
| Add : Fair value gain / (loss) recognised in Other Comprehensive Income | (157.88)                     | 375.81                       |
| <b>Closing Balance</b>  | <b>997.82</b>                | <b>1,155.70</b>              |

**Note 9 : Loans and advances (₹ Crores)**

| Particulars                                | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Current</b>                             |                         |                         |
| <b>Loans</b>                               |                         |                         |
| <b>Considered good</b>                     |                         |                         |
| Deposits with a body corporate (unsecured) | 800.00                  | 1,850.00                |
| Loans to employees * # ̢                   | 15.93                   | 17.15                   |
| <b>Total</b>                               | <b>815.93</b>           | <b>1,867.15</b>         |
| <b>Non-Current</b>                         |                         |                         |
| <b>Loans</b>                               |                         |                         |
| <b>Considered good</b>                     |                         |                         |
| Deposits with a body corporate (unsecured) | -                       | 550.00                  |
| Loans to employees * # ̢                   | 115.15                  | 110.93                  |
| <b>Unsecured - considered doubtful</b>     |                         |                         |
| Amount recoverable from employee           | 1.57                    | 1.57                    |
| Less: Provision for doubtful loans         | (1.57)                  | (1.57)                  |
|  | -                       | -                       |
| Loan to other companies                    | 0.40                    | 0.40                    |
| Less: Provision for doubtful loans         | (0.40)                  | (0.40)                  |
|  | -                       | -                       |
| <b>Total</b>                               | <b>115.15</b>           | <b>660.93</b>           |
| <b>Total loans and advances</b>            | <b>931.08</b>           | <b>2,528.08</b>         |

\* includes gross interest accrued ₹ 4.51 crores (previous year ₹ 4.43 crores) on current loans to employees and of ₹ 31.89 crores (previous year ₹ 31.86 crores) on non-current loans to employees.

# No loans are due from Promoters, Directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are repayable on demand or without specifying any terms or period of repayment.

̢ includes secured Loans to employees having fair value of ₹ 12.06 crores (previous year ₹ 12.44 crores) in current and ₹ 101.52 crores (previous year ₹ 98.61 crores) in non-current amount. Employees have mortgaged/hypothecated their Buildings and Vehicles to the Company.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Note 10 : Other financial assets

(₹ Crores)

| Particulars                                     | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| <b>Current</b>                                  |                         |                         |
| <b>Other financial assets</b>                   |                         |                         |
| Accrued interest                                | 99.68                   | 44.39                   |
| Other receivables                               | 33.45                   | 16.59                   |
| Deposits with suppliers                         | -                       | 7.11                    |
| <b>Total</b>                                    | <b>133.13</b>           | <b>68.09</b>            |
| <b>Non-Current</b>                              |                         |                         |
| <b>Other financial assets</b>                   |                         |                         |
| Deposits with suppliers                         | 17.55                   | 14.12                   |
| Bank deposits with more than 12 months maturity | 80.00                   | 100.00                  |
| <b>Total</b>                                    | <b>97.55</b>            | <b>114.12</b>           |
| <b>Total other financial assets</b>             | <b>230.68</b>           | <b>182.21</b>           |

#### Note 11 : Trade receivables

(₹ Crores)

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| <b>Trade receivables</b>                                    |                         |                         |
| - Secured, Considered good                                  | 19.78                   | 18.61                   |
| - Unsecured, Considered good                                | 102.90                  | 126.67                  |
| - Unsecured, Credit impaired                                | 14.27                   | 18.63                   |
| <b>Subsidy receivables (Considered good)</b>                |                         |                         |
| - Unsecured, Considered good                                | 244.76                  | 479.82                  |
| - Unsecured, Credit impaired                                | -                       | 0.95                    |
|   | <b>381.71</b>           | <b>644.68</b>           |
| Less : Impairment Allowances (Allowance for doubtful debts) |                         |                         |
| <b>Trade receivables</b>                                    |                         |                         |
| - Credit impaired   | (14.27)                 | (18.63)                 |
| <b>Subsidy Receivables (Credit impaired)</b>                |                         |                         |
|   | -                       | (0.95)                  |
| <b>Total</b>  | <b>367.44</b>           | <b>625.10</b>           |

#### Notes:

- Refer Note 44 for Ageing of Trade receivables as on March 31, 2023 and March 31, 2022.
- No trade or other receivables are due from Directors or other officers of the Company either severally or jointly with any other person; nor any trade or other receivables are due from firms or private companies in which any Director is a partner, a director or a member.
- The fair value of trade receivables (including subsidy receivables) is not materially different from the carrying value presented.
- Trade receivables are non interest bearing and are generally on terms of 30 to 90 days. Trade receivables of (n)Code division (IT) are of ₹ 49.88 crores (previous year ₹ 61.68 crores) are governed by the terms of respective contract agreement. Out of the dues, the Company has provided impairment allowance of ₹ 13.80 crores as on March 31, 2023 (as on March 31, 2022: ₹ 18.30 crores) based on credit risk model followed by the Company.
- Subsidy receivables represents amount receivable from government against sale of fertilizers.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**Note 12 : Other non-current assets**
**(₹ Crores)**

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Unsecured, considered good</b>                            |                         |                         |
| Unamortized value of employee loan benefits                  | <b>46.47</b>            | 40.20                   |
| Capital advances   | <b>49.40</b>            | 47.58                   |
| Deposits / Recoverable balances from customs, VAT and others | <b>1.01</b>             | 1.01                    |
| Prepaid Expense  | <b>1.35</b>             | 2.31                    |
| <b>Unsecured - considered doubtful</b>                       |                         |                         |
| Advances to suppliers  | <b>1.64</b>             | 1.64                    |
| Less: Provision for doubtful advances                        | <b>(1.64)</b>           | (1.64)                  |
|  | -                       | -                       |
| Balances / deposits of recoverable customs, taxes, cess etc. | <b>4.31</b>             | 4.55                    |
| Less: Provision for doubtful balances                        | <b>(4.31)</b>           | (4.55)                  |
|  | -                       | -                       |
| Receivable from others                                       | <b>4.14</b>             | 4.14                    |
| Less: Provision for doubtful balances                        | <b>(4.14)</b>           | (4.14)                  |
|  | -                       | -                       |
| <b>Total</b>   | <b>98.23</b>            | 91.10                   |

**Note 13 : Inventories (Valued at lower of Cost and Net realisable value)**
**(₹ Crores)**

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| Raw materials<br>(Includes in transit inventory as on March 31, 2023<br>₹ 174.28 crores; as on March 31, 2022 - ₹ 88.44 crores)                 | <b>388.97</b>           | 362.44                  |
| Work-in-progress *  | <b>38.32</b>            | 38.58                   |
| Finished goods *  | <b>177.76</b>           | 80.04                   |
| Traded goods  | <b>2.78</b>             | 14.82                   |
| Stores and spares (Including coal)<br>(Includes in transit inventory as on March 31, 2023<br>₹ 1.57 crores; as on March 31, 2022 ₹ 1.94 crores) | <b>539.90</b>           | 502.15                  |
| Less: Provision for excess inventory  | <b>(24.52)</b>          | (21.06)                 |
| <b>Total</b>  | <b>1,123.21</b>         | 976.97                  |

\* During the current year, the Company has adjusted inventories of finished goods by ₹ 5.98 crores (previous year ₹ 2.93 crores) and Work-in-progress by ₹ 0.22 crore (Previous year ₹ 2.22 crores) so as to value such inventories at net realizable value.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Note 14 : Cash and cash equivalents

(₹ Crores)

| Particulars  | As at          | As at          |
|--|----------------|----------------|
|  | March 31, 2023 | March 31, 2022 |
| <b>Cash and cash equivalents</b>                     |                |                |
| Balances with banks in:                              |                |                |
| Current accounts                                     | 9.17           | 12.86          |
| Debit balance in cash credit and overdraft accounts  | 21.47          | 11.80          |
| Cash on hand   | 0.06           | 0.07           |
| Deposits with original maturities less than 3 months | 25.50          | 47.98          |
| <b>Total</b>   | <b>56.20</b>   | <b>72.71</b>   |

#### Note 15 : Other bank balances

(₹ Crores)

| Particulars   | As at           | As at           |
|---|-----------------|-----------------|
|   | March 31, 2023  | March 31, 2022  |
| Balances with banks   |                 |                 |
| Unpaid dividend accounts  | 14.89           | 12.02           |
| Bank balances in escrow accounts *  | 27.89           | 165.62          |
| Deposit with original maturity more than 3 months but remaining maturities of less than 12 months # | 1,894.93        | 931.59          |
| <b>Total</b>  | <b>1,937.71</b> | <b>1,109.23</b> |

\* Balance in escrow account represents amount received as Earnest Money Deposit & Tender fees against e-auction done on behalf of various local authorities of Government of Gujarat. Corresponding liability is disclosed in Note 21 as "Other current financial liabilities".

# Includes ₹ 404.92 crores (previous year ₹ 202.59 crores) pledged with lenders and Government authorities.

#### Note 16 : Other current assets

(₹ Crores)

| Particulars  | As at          | As at          |
|--|----------------|----------------|
|  | March 31, 2023 | March 31, 2022 |
| Deposits / Recoverable balances from customs, VAT and others | 0.61           | 0.32           |
| Advance to suppliers   | 75.86          | 62.69          |
| Goods and Service Tax Receivable                             | 10.77          | 12.40          |
| Contract assets *  | 3.91           | 8.53           |
| Receivable from others                                       | 0.85           | 0.14           |
| Gratuity Fund (Refer Note 41)                                | -              | 2.92           |
| Prepaid expenses   | 17.74          | 17.30          |
| Unamortized employee loan benefits                           | 6.34           | 6.01           |
| Energy savings certificates **                               | -              | -              |
| <b>Total</b>   | <b>116.08</b>  | <b>110.31</b>  |

\* Classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

\*\* Amount nullified on conversion to ₹ crores.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**Note 17 : Share capital**
**(₹ Crores)**

| Particulars   | As at March 31, 2023 |               | As at March 31, 2022 |          |
|---|----------------------|---------------|----------------------|----------|
|   | No. of Shares        | ₹ Crores      | No. of Shares        | ₹ Crores |
| <b>Authorised share capital</b>                                 |                      |               |                      |          |
| Equity shares of ₹ 10 each                                      | <b>25,00,00,000</b>  | <b>250.00</b> | 25,00,00,000         | 250.00   |
|   | <b>25,00,00,000</b>  | <b>250.00</b> | 25,00,00,000         | 250.00   |
| <b>Issued, subscribed and fully paid up</b>                     |                      |               |                      |          |
| Equity shares of ₹ 10 each subscribed and fully paid up         | <b>15,54,18,783</b>  | <b>155.42</b> | 15,54,18,783         | 155.42   |
| <b>Total issued, subscribed and fully paid up share capital</b> | <b>15,54,18,783</b>  | <b>155.42</b> | 15,54,18,783         | 155.42   |

**17.1. Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

| Particulars  | As at March 31, 2023 |               | As at March 31, 2022 |          |
|--|----------------------|---------------|----------------------|----------|
|  | No. of Shares        | ₹ Crores      | No. of Shares        | ₹ Crores |
| <b>Equity Shares</b>                                       |                      |               |                      |          |
| At the beginning of the year                               | <b>15,54,18,783</b>  | <b>155.42</b> | 15,54,18,783         | 155.42   |
| Changes in Equity Share Capital due to prior period errors | -                    | -             | -                    | -        |
| <b>Restated balance at the beginning of the year</b>       | <b>15,54,18,783</b>  | <b>155.42</b> | 15,54,18,783         | 155.42   |
| Issued/reduction, if any during the year                   | -                    | -             | -                    | -        |
| <b>Outstanding at the end of the year</b>                  | <b>15,54,18,783</b>  | <b>155.42</b> | 15,54,18,783         | 155.42   |

**17.2. Terms/rights attached to the equity shares**
**Rights, preferences and restrictions attached to equity shares:**

The Company has only one class of equity shares having par value of ₹ 10 per share, i.e. equity shares which rank pari passu in all respects. Each holder of equity share is entitled to one vote per share.

For the current financial year 2022-23, the Company has proposed dividend of ₹ 30 per equity share to equity shareholder (for the previous financial year dividend of ₹ 10/- per share declared). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**17.3. Number of Shares held by each shareholder holding more than 5% Shares in the Company**

| Name of the shareholders                   | As at March 31, 2023 |                   | As at March 31, 2022 |                   |
|--|----------------------|-------------------|----------------------|-------------------|
|  | No. of shares        | % of shareholding | No. of shares        | % of shareholding |
| Gujarat State Investments Ltd.             | <b>3,32,27,546</b>   | <b>21.38%</b>     | 3,32,27,546          | 21.38%            |
| Gujarat State Fertilizers & Chemicals Ltd. | <b>3,07,79,167</b>   | <b>19.80%</b>     | 3,07,79,167          | 19.80%            |

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

##### 17.4. Disclosure of Shareholding of Promoters

Disclosure of shareholding of promoters as at March 31, 2023 is as follows :

| Name of the Promoter                       | As at March 31, 2023 |                   | As at March 31, 2022 |                   | % Change during the year |
|--|----------------------|-------------------|----------------------|-------------------|--------------------------|
|  | No. of shares        | % of shareholding | No. of shares        | % of shareholding |                          |
| Gujarat State Investments Ltd.             | 3,32,27,546          | 21.38%            | 3,32,27,546          | 21.38%            | 0.00%                    |
| Gujarat State Fertilizers & Chemicals Ltd. | 3,07,79,167          | 19.80%            | 3,07,79,167          | 19.80%            | 0.00%                    |

Disclosure of shareholding of promoters as at March 31, 2022 is as follows :

| Name of the Promoter                       | As at March 31, 2022 |                   | As at March 31, 2021 |                   | % Change during the year |
|--|----------------------|-------------------|----------------------|-------------------|--------------------------|
|  | No. of shares        | % of shareholding | No. of shares        | % of shareholding |                          |
| Gujarat State Investments Ltd.             | 3,32,27,546          | 21.38%            | 3,32,27,546          | 21.38%            | 0.00%                    |
| Gujarat State Fertilizers & Chemicals Ltd. | 3,07,79,167          | 19.80%            | 3,07,79,167          | 19.80%            | 0.00%                    |

##### Note 18 : Other equity

##### Note 18.1 Reserves and surplus

(₹ Crores)

| Particulars   | Capital reserve | Securities Premium | General reserve | Retained earnings | Total           |
|---|-----------------|--------------------|-----------------|-------------------|-----------------|
| <b>As at April 01, 2021</b>                                 | <b>0.64</b>     | <b>313.31</b>      | <b>2,479.76</b> | <b>2,565.72</b>   | <b>5,359.43</b> |
| Profit for the year   |                 |                    |                 | 1,710.41          | 1,710.41        |
| Re-measurement gain on defined benefit plans (net of tax)   |                 |                    |                 | 14.79             | 14.79           |
| <b>Balance available for appropriation</b>                  |                 |                    |                 | <b>4,290.92</b>   | <b>7,084.63</b> |
| <b>Less : Appropriations</b>                                |                 |                    |                 |                   |                 |
| Dividend paid during the year                               |                 |                    |                 | 124.34            | 124.34          |
| <b>As at March 31, 2022</b>                                 | <b>0.64</b>     | <b>313.31</b>      | <b>2,479.76</b> | <b>4,166.58</b>   | <b>6,960.29</b> |
| Profit for the year   |                 |                    |                 | 1,471.54          | 1,471.54        |
| Re-measurement (loss) on defined benefit plans (net of tax) |                 |                    |                 | (68.79)           | (68.79)         |
| <b>Balance available for appropriation</b>                  |                 |                    |                 | <b>5,569.33</b>   | <b>8,363.04</b> |
| <b>Less : Appropriations</b>                                |                 |                    |                 |                   |                 |
| Transfer to General reserve                                 |                 |                    | 200.00          | (200.00)          | -               |
| Dividend paid during the year                               |                 |                    |                 | 155.42            | 155.42          |
| <b>As at March 31, 2023</b>                                 | <b>0.64</b>     | <b>313.31</b>      | <b>2,679.76</b> | <b>5,213.91</b>   | <b>8,207.62</b> |

##### Securities Premium:

Securities premium is used to record the premium on issue of shares. This reserve is utilized in accordance with the provision of section 52 (2) (c) of the Companies Act, 2013.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**Note 18.2 Other comprehensive income (OCI)**

(₹ Crores)

| Particulars  | Net gain / (loss) on<br>FVTOCI equity<br>Investments | Total         |
|--|--|---------------|
| <b>As at April 01, 2021</b>                            | <b>553.35</b>  | <b>553.35</b> |
| Other comprehensive income / (expense) during the year |  |               |
| Net gain on FVTOCI equity investments for the year     | 375.81   | 375.81        |
| Income tax effect                                      | (54.84)  | (54.84)       |
| <b>As at March 31, 2022</b>                            | <b>874.32</b>  | <b>874.32</b> |
| Other comprehensive income / (expense) during the year |  |               |
| Net (loss) on FVTOCI equity investments for the year   | (157.88)   | (157.88)      |
| Income tax effect                                      | 25.63  | 25.63         |
| <b>As at March 31, 2023</b>                            | <b>742.07</b>  | <b>742.07</b> |

**Note 18.3 Dividend distribution made and proposed**

(₹ Crores)

| Particulars  | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| <b>Cash dividends on equity shares declared and paid</b>   |                              |                              |
| Final dividend for year ended March 31, 2022: ₹ 10 per share<br>(March 31, 2021: ₹ 8 per share)                    | 155.42                       | 124.34                       |
| <b>Proposed dividends on equity shares</b>   |                              |                              |
| Final cash dividend proposed for the year ended March 31, 2023:<br>₹ 30 per share (March 31, 2022: ₹ 10 per share) | 466.26                       | 155.42                       |

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at balance sheet date.

**Note 19 : Borrowings**

(₹ Crores)

| Particulars                                   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| <b>Short-term interest bearing borrowings</b> |                         |                         |
| <b>Secured</b>                                |                         |                         |
| From Bank- cash credit and overdraft accounts | 0.01                    | 0.07                    |
| <b>Total</b>                                  | <b>0.01</b>             | <b>0.07</b>             |

**Security details**

Short term borrowings from banks as cash credit and overdraft accounts of ₹ 0.01 crore (March 31, 2022: ₹ 0.07 crore) are secured by first charge by way of hypothecation of inventories and trade receivables and all other movable assets, both present and future and further secured by second charge by way of mortgage on all immovable properties. These charges are ranking pari-passu among the working capital lenders.

**Interest rate details for short term borrowings:**

(i) Cash credit facilities and overdrafts carries interest rates ranging from 3.50% to 7.70% p.a.

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

##### Note 20 : Trade payables

(₹ Crores)

| Particulars  | As at          | As at          |
|--|----------------|----------------|
|  | March 31, 2023 | March 31, 2022 |
| (A) Total outstanding dues of micro, small and medium enterprises                      | 45.86          | 28.14          |
| (B) Total outstanding dues of creditors other than micro, small and medium enterprises | 531.85         | 619.64         |
| <b>Total</b>   | <b>577.71</b>  | <b>647.78</b>  |

- Refer Note 45 for Ageing of Trade payables as on March 31, 2023 and March 31, 2022.

(₹ Crores)

| Particulars  | As at          | As at          |
|--|----------------|----------------|
|  | March 31, 2023 | March 31, 2022 |
| <b>Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 as amended ("MSMED Act"):</b>            |                |                |
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year   | 45.86          | 28.14          |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year  | -              | -              |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day                              | -              | -              |
| (iv) The amount of interest due and payable for the year   | -              | -              |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year  | -              | -              |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | -              | -              |

Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

##### Note 21 : Other current financial liabilities

(₹ Crores)

| Particulars  | As at          | As at          |
|--|----------------|----------------|
|  | March 31, 2023 | March 31, 2022 |
| <b>Current</b>   |                |                |
| <b>Other financial liabilities at amortised cost</b>         |                |                |
| Liability towards capital grant received (net) (*)           | 85.06          | 85.06          |
| Deposits / retention money from customers / vendors / others | 40.02          | 36.64          |
| Payable for capital goods @                                  | 15.49          | 28.90          |
| Rebate / discounts payable to customers                      | 29.14          | 44.19          |
| Liability towards employee benefit                           | 123.25         | 44.13          |
| Liability for Escrow Accounts \$                             | 27.89          | 165.62         |
| Unclaimed dividends #  | 14.89          | 12.02          |
| Fair Value of Derivative contracts                           | 1.14           | 0.24           |
| Interest accrued but not due on borrowings                   | -              | 0.03           |
| <b>Total</b>   | <b>336.88</b>  | <b>416.83</b>  |



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**(₹ Crores)**

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Non - Current</b>                               |                         |                         |
| Deposit / Retention money from customers / vendors | 5.00                    | 5.12                    |
| <b>Total</b>                                       | <b>5.00</b>             | 5.12                    |
| <b>Total other financial liabilities</b>           | <b>341.88</b>           | 421.95                  |

\* The capital grant of ₹ 1,213.06 crores from Government of India, Ministry of Chemicals & Fertilizers, Department of Fertilizers for feed stock conversion project from 'LSHS/FO' to 'Gas' vide sanction letter no 14023/22/2007-FP dated 14.12.2009 has accrued to the Company since the conditions attached to the grant have been fulfilled by the Company. Till date, the government had disbursed ₹ 1,146.43 crores towards capital grant as against ₹ 1,213.06 crores and ₹ 348.45 crores towards grant as reimbursement of borrowing cost as against total borrowing cost of ₹ 195.47 crores. Accordingly, the Company has, pending settlement, recorded a net liability of ₹ 85.06 crores (net of adjustment of receivable against return on investment of ₹ 1.29 crores) towards capital grant.

□ Includes ₹ 5.31 crores (March 31, 2022 : ₹ 6.99 crores) payable to Micro, Small and Medium Enterprises which have been determined to the extent such parties have been identified on the basis of information collected by the Management.

\$ Escrow account liability represents amount received as Earnest Money Deposit & Tender fees against e-auction done on behalf of various local authorities of Government of Gujarat. Corresponding asset is disclosed in Note 15 as "Bank balances in escrow accounts".

# Not due for credit to "Investors Education and Protection Fund".

**(a) Disclosure with regards to changes in liabilities arising from financing activities as per Ind AS 7 Statement of Cash Flows:**

Disclosure of changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses) is as under:

**(₹ Crores)**

| Particulars                         | Borrowings (includes<br>Current Maturities)<br>and Interest accrued<br>but not due | Unclaimed<br>Dividend | Derivatives | Total        |
|-------------------------------------|--|-----------------------|-------------|--------------|
| <b>As on April 01, 2021</b>         | -  | 10.71                 | 1.11        | 11.82        |
| Net Cash Flow                       | (1.63)   | (123.03)              | (5.61)      | (130.27)     |
| Foreign Exchange management         | -  | -                     | -           | -            |
| Changes in Fair Value               | -  | -                     | 4.74        | 4.74         |
| Charged to P&L during the year      | 1.66   | -                     | -           | 1.66         |
| Dividend recognised during the year | -  | 124.34                | -           | 124.34       |
| Other                               | -  | -                     | -           | -            |
| <b>As on March 31, 2022</b>         | <b>0.03</b>  | <b>12.02</b>          | <b>0.24</b> | <b>12.29</b> |
| Net Cash Flow                       | (2.86)   | (152.55)              | (4.69)      | (160.10)     |
| Foreign Exchange management         | -  | -                     | -           | -            |
| Changes in Fair Value               | -  | -                     | 5.59        | 5.59         |
| Charged to P&L during the year      | 2.83   | -                     | -           | 2.83         |
| Dividend recognised during the year | -  | 155.42                | -           | 155.42       |
| Other                               | -  | -                     | -           | -            |
| <b>As on March 31, 2023</b>         | <b>0.00</b>  | <b>14.89</b>          | <b>1.14</b> | <b>16.03</b> |

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Note 22 : Provisions (Non-current)

(₹ Crores)

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| Provision for leave encashment                                | 176.96                  | 188.53                  |
| Provision for post retirement medical benefit (refer Note 41) | 85.68                   | 66.01                   |
| Provision for contingencies *                                 | 108.97                  | 55.70                   |
| <b>Total</b>  | <b>371.61</b>           | <b>310.24</b>           |

\* These provisions represent estimates made mainly for probable claims arising out of litigations / disputes pending with authorities under various statutes (Excise duty) and with other parties. The probability and the timing of the outflow with regard to these matters depend on the final outcome of the litigations/disputes. Hence, the Company is not able to reasonably ascertain the timing of the outflow. The movement of other provision is as under:

(₹ Crores)

| Particulars                                | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| <b>Opening balance</b>                     | <b>55.70</b>                 | <b>-</b>                     |
| Provision made during the year             | 53.27                        | 55.70                        |
| Amount utilised / reversed during the year | -                            | -                            |
| <b>Closing balance</b>                     | <b>108.97</b>                | <b>55.70</b>                 |

#### Note 23 : Government grant (Deferred Income)

(₹ Crores)

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Current</b>   |                         |                         |
| Grant from Government of India (refer note a)                            | 60.65                   | 60.65                   |
| Government grant of Export Promotion Capital Grant (EPCG) (refer note b) | 5.36                    | 6.24                    |
| Other Government grant   | 0.14                    | -                       |
| <b>Total</b>   | <b>66.15</b>            | <b>66.89</b>            |
| <b>Non Current</b>   |                         |                         |
| Grant from Government of India (refer note a)                            | 576.21                  | 636.86                  |
| Other Government grant   | 0.65                    | 0.93                    |
| <b>Total</b>   | <b>576.86</b>           | <b>637.79</b>           |
| <b>Total government grant (deferred income)</b>                          | <b>643.01</b>           | <b>704.68</b>           |

#### (a) Movement in Grant from Government of India

(₹ Crores)

| Particulars                               | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| <b>Opening</b>                            | <b>697.51</b>                | <b>758.16</b>                |
| Amortised to statement of profit and loss | (60.65)                      | (60.65)                      |
| <b>Closing</b>                            | <b>636.86</b>                | <b>697.51</b>                |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

The capital grant from Government of India, Ministry of Chemicals & Fertilizers, Department of Fertilizers for feed stock conversion project from 'LSHS/FO' to 'Gas' vide sanction letter no 14023/22/2007-FP dated 14.12.2009 has accrued to the Company since the conditions attached to the grant have been fulfilled by the Company. Accordingly, the grant of ₹ 1,213.06 crores was recorded as deferred income as contemplated under Para 7 and 12 of Ind AS - 20 on 'Accounting for Government Grants and Disclosure of Government Assistance' and it is being amortized over the useful life of the corresponding assets. The aforesaid grant has been disbursed by the Government of India.

| <b>(b) Movement in Government grant of EPCG</b> |                                      |                                      | <b>(₹ Crores)</b> |
|---|--------------------------------------|--------------------------------------|-------------------|
| <b>Particulars</b>                              | <b>Year ended<br/>March 31, 2023</b> | <b>Year ended<br/>March 31, 2022</b> |                   |
| <b>Opening</b>                                  | <b>6.24</b>                          | 5.93                                 |                   |
| Add: New EPCG license received during the year. | -                                    | 0.86                                 |                   |
| Less: Amortised to statement of profit and loss | <b>(0.88)</b>                        | (0.55)                               |                   |
| <b>Closing</b>                                  | <b>5.36</b>                          | 6.24                                 |                   |

| <b>Note 24 : Other liabilities</b>                      |                                 |                                 | <b>(₹ Crores)</b> |
|---|---------------------------------|---------------------------------|-------------------|
| <b>Particulars</b>                                      | <b>As at<br/>March 31, 2023</b> | <b>As at<br/>March 31, 2022</b> |                   |
| Statutory and other liabilities                         | <b>49.04</b>                    | 99.79                           |                   |
| Other current liabilities (Refer Note 43 (A))           | <b>24.04</b>                    | 36.97                           |                   |
| Contract liabilities (including advance from customers) | <b>37.35</b>                    | 24.80                           |                   |
| <b>Total other liabilities</b>                          | <b>110.43</b>                   | 161.56                          |                   |

| <b>Note 25 : Provisions (current)</b>                         |                                 |                                 | <b>(₹ Crores)</b> |
|---|---------------------------------|---------------------------------|-------------------|
| <b>Particulars</b>  | <b>As at<br/>March 31, 2023</b> | <b>As at<br/>March 31, 2022</b> |                   |
| Provision for gratuity (Refer Note 41)                        | <b>89.17</b>                    | -                               |                   |
| Provision for leave encashment                                | <b>105.95</b>                   | 34.23                           |                   |
| Provision for post retirement medical benefit (Refer Note 41) | <b>3.15</b>                     | 2.21                            |                   |
| Provision for contingencies **                                | <b>1.59</b>                     | 1.59                            |                   |
| <b>Total</b>  | <b>199.86</b>                   | 38.03                           |                   |

\*\* The Company had created a contingency provision for possible contractual obligation of IT business. The movement of other provision is as under:

| <b>(₹ Crores)</b>                          |                                      |                                      |
|--|--------------------------------------|--------------------------------------|
| <b>Particulars</b>                         | <b>Year ended<br/>March 31, 2023</b> | <b>Year ended<br/>March 31, 2022</b> |
| <b>Opening balance</b>                     | <b>1.59</b>                          | 1.60                                 |
| Provision made during the year             | -                                    | -                                    |
| Amount utilised / reversed during the year | -                                    | (0.01)                               |
| <b>Closing balance</b>                     | <b>1.59</b>                          | 1.59                                 |

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Note 26 : Income Tax

The major component of income tax expenses for the year ended March 31, 2023 and March 31, 2022 are as under

#### a) Statement of Profit and Loss Section

(₹ Crores)

| Particulars  |                  | Year ended     |                |
|--|------------------|----------------|----------------|
|  |                  | March 31, 2023 | March 31, 2022 |
| <b>Current Income tax</b>  |                  |                |                |
| Current tax charges  | <b>A</b>         | <b>541.29</b>  | 615.66         |
| Excess tax provision write back of earlier years (refer note (h) below)        | <b>B</b>         | <b>(21.00)</b> | 2.14           |
| <b>Deferred Tax</b>  |                  |                |                |
| - Relating to origination and reversal of temporary differences                | <b>C</b>         | <b>(52.72)</b> | (23.50)        |
| <b>Tax Expense reported in the Statement of Profit and Loss</b>                | <b>A + B + C</b> | <b>467.57</b>  | 594.30         |
| <b>Other Comprehensive Income ('OCI') Section</b>                              |                  |                |                |
| Income tax / Deferred tax related to items recognised in OCI during the year : |                  |                |                |
| - Remeasurement gain / loss on defined benefit plans, (charge) / credit        |                  | <b>23.13</b>   | (4.97)         |
| - Unrealised gain / loss on FVTOCI equity investments, (charge) / credit       |                  | <b>25.63</b>   | (54.84)        |
|  |                  | <b>48.76</b>   | (59.81)        |

#### b) Balance Sheet Section

(₹ Crores)

| Particulars                          | As at          |                |
|--------------------------------------|----------------|----------------|
|                                      | March 31, 2023 | March 31, 2022 |
| Liabilities for current tax (net)    | <b>0.04</b>    | 36.10          |
| Income tax assets (net)              | <b>(61.35)</b> | (9.77)         |
| <b>Net Tax Provision Outstanding</b> | <b>(61.31)</b> | 26.33          |

#### c) Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2023 and March 31, 2022

(₹ Crores)

| Particulars  | Year ended March 31, 2023 |                 | Year ended March 31, 2022 |          |
|--|---------------------------|-----------------|---------------------------|----------|
|  | %                         | Amount          | %                         | Amount   |
| <b>Profit Before tax</b>   |                           | <b>1,931.55</b> |                           | 2,298.05 |
| <b>Tax using domestic tax rate for Company</b>                       | <b>25.17</b>              | <b>486.13</b>   | 25.17                     | 578.37   |
| <b>Tax Effect of:</b>  |                           |                 |                           |          |
| Income exempted from tax   | -                         | -               | (0.05)                    | (1.22)   |
| Deduction u/s 80M  | <b>(0.13)</b>             | <b>(2.54)</b>   | -                         | -        |
| Non-deductible expenses  | <b>0.32</b>               | <b>6.11</b>     | 0.10                      | 2.37     |
| Sale of assets   | <b>0.00</b>               | <b>0.01</b>     | 0.01                      | 0.24     |
| Right of Use Asset - Ind AS 116                                      | <b>(0.02)</b>             | <b>(0.29)</b>   | (0.01)                    | (0.18)   |
| Adjustment in depreciation net book value of assets                  | <b>0.11</b>               | <b>2.17</b>     | 0.02                      | 0.52     |
| Reversal of deferred tax liability on account of change in tax rate  | -                         | -               | 0.22                      | 5.16     |
| Gain / loss on investments   | <b>(0.09)</b>             | <b>(1.69)</b>   | -                         | -        |
| Interest u/s 234C  | <b>0.01</b>               | <b>0.10</b>     | 0.34                      | 7.75     |
| Other adjustments  | <b>(0.07)</b>             | <b>(1.43)</b>   | (0.04)                    | (0.85)   |
| <b>Effective tax rate and tax</b>                                    | <b>25.29</b>              | <b>488.57</b>   | 25.77                     | 592.16   |
| <b>Adjustments in respect of Current Income Tax of earlier years</b> | -                         | -               | -                         | -        |
| <b>Excess tax provision write back of earlier years</b>              | <b>(1.09)</b>             | <b>(21.00)</b>  | 0.09                      | 2.14     |
| <b>Tax expenses as per Books</b>                                     | <b>24.21</b>              | <b>467.57</b>   | 25.86                     | 594.30   |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**d) Deferred Tax Liability (net)**
**(₹ Crores)**

| Particulars   | Balance Sheet as at |                | Statement of Profit and Loss |                           |
|---|---------------------|----------------|------------------------------|---------------------------|
|   | March 31, 2023      | March 31, 2022 | Year ended March 31, 2023    | Year ended March 31, 2022 |
| (Liability) on Accelerated depreciation for tax purpose | <b>(527.97)</b>     | (562.60)       | <b>(34.63)</b>               | (43.06)                   |
| Assets on provision for Leave encashment                | <b>69.23</b>        | 54.09          | <b>(15.14)</b>               | 5.33                      |
| Assets on deferred government grant of ASGP             | <b>160.28</b>       | 175.55         | <b>15.27</b>                 | 21.19                     |
| Assets on deferred government grant of EPCG             | <b>1.55</b>         | 1.57           | <b>0.02</b>                  | 0.50                      |
| Assets on Provision for doubtful debts and advances     | <b>40.62</b>        | 30.52          | <b>(10.10)</b>               | (8.93)                    |
| (Liability) on equity investment FVTOCI                 | <b>(98.33)</b>      | (123.96)       | <b>(25.63)</b>               | 54.84                     |
| Assets on other adjustments                             | <b>10.72</b>        | 2.58           | <b>(8.14)</b>                | 1.47                      |
|   | <b>(343.90)</b>     | (422.25)       | <b>(78.35)</b>               | 31.34                     |

**e) Deferred tax liabilities reflected in the balance sheet as follows**
**(₹ Crores)**

| Particulars                            | As at          | As at          |
|--|----------------|----------------|
|  | March 31, 2023 | March 31, 2022 |
| Deferred tax liabilities               | <b>343.90</b>  | 422.25         |
| Less :Tax credit entitlement under MAT | -              | -              |
| <b>Deferred tax liabilities (net)</b>  | <b>343.90</b>  | 422.25         |

**f) Reconciliation of deferred tax liabilities (net)**
**(₹ Crores)**

| Particulars   | Year ended     | Year ended     |
|---|----------------|----------------|
|   | March 31, 2023 | March 31, 2022 |
| <b>Opening balance as of April 01</b>                                     | <b>422.25</b>  | 390.91         |
| Tax (credit) during the period recognised in statement of profit and loss | <b>(52.72)</b> | (23.50)        |
| Tax charges / (credit) during the period recognised in OCI                | <b>(25.63)</b> | 54.84          |
| <b>Closing balance as of March 31</b>                                     | <b>343.90</b>  | 422.25         |

**g)** During the previous year, the Company has decided to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 under which domestic companies have the option to pay income tax at lower rate ("New tax rate") subject to the giving up of certain incentives and deductions. Accordingly, the provision for current tax for the current year ended on March 31, 2023 of ₹ 541.29 crores is measured at the New tax rate.

**h)** Based on reconciliation of income tax liabilities pertaining to current tax provision of earlier years as per books of account with tax liabilities acknowledged in respective year's income tax return / assessed tax liabilities, excess tax provision aggregating to ₹ 21.00 crores (previous year ₹ 2.14 crores) related with earlier years has been written back in the books.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Note 27 : Revenue from operations

(₹ Crores)

| Particulars  | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| <b>27.1</b>  |                              |                              |
| <b>Sale of products</b>  |                              |                              |
| Own products (refer below note 27.2)   | 10,067.29                    | 8,530.18                     |
| Traded products  | 74.69                        | 27.40                        |
|  | <u>10,141.98</u>             | <u>8,557.58</u>              |
| <b>Rendering of services</b>   | 65.25                        | 65.88                        |
| <b>Other operating revenue</b>   |                              |                              |
| Export incentive   | 0.75                         | 2.07                         |
| Recovery of administrative charges (Fly Ash)   | 7.28                         | 7.48                         |
| Sale of scrap / surplus / unserviceable materials  | 11.67                        | 9.28                         |
|  | <u>19.70</u>                 | <u>18.83</u>                 |
| <b>Total</b>   | <u>10,226.93</u>             | <u>8,642.29</u>              |
| <b>27.2 - Sale of own products above includes:</b>   |                              |                              |
| Subsidy from Government of India under New Urea Policy / Retention Price Scheme / Nutrient Based Subsidy Scheme (including escalation / de-escalation) |                              |                              |
| - Pertaining to current year   | 2,939.44                     | 1,775.82                     |
| - Pertaining to earlier year recognised during current year  | 23.40                        | 66.63                        |
| <b>Total</b>   | <u>2,962.84</u>              | <u>1,842.45</u>              |
| <b>27.3 - Timing of revenue recognition</b>  |                              |                              |
| Goods transferred / services rendered at point in time   | 10,196.23                    | 8,604.60                     |
| Services transferred over time   | 30.70                        | 37.69                        |
| <b>Total</b>   | <u>10,226.93</u>             | <u>8,642.29</u>              |

**27.4** There are no inter-segment transfers in case of revenue from contracts with customers, accordingly no reconciliation is required with amounts disclosed in the segment information.

**27.5** Reconciliation of amounts of revenue recognized in the statement of profit and loss with the contracted price.

(₹ Crores)

| Particulars  | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| Gross Revenue as per contracted price with customer      | 7,612.59                     | 7,105.39                     |
| <b>Adjustments:</b>                                      |                              |                              |
| Rebates / discounts / incentives                         | (322.41)                     | (278.96)                     |
| Dealer's margin  | (26.09)                      | (26.59)                      |
| <b>Net Revenue as per contracted price with customer</b> | <b>A</b> 7,264.09            | 6,799.84                     |
| <b>Subsidy income from Government of India</b>           | <b>B</b> 2,962.84            | 1,842.45                     |
| <b>Total Revenue from operations</b>                     | <b>A+B</b> 10,226.93         | 8,642.29                     |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**Note 28 : Other income**
**(₹ Crores)**

| Particulars   | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| Grant income  | <b>61.68</b>                 | 61.27                        |
| Interest income *   | <b>233.47</b>                | 119.17                       |
| Lease rental income   | <b>9.02</b>                  | 7.81                         |
| Gain (adjustment) on decapitalisation of property, plant and equipment  | <b>0.02</b>                  | -                            |
| Unclaimed liabilities / excess provision for doubtful debt written back | <b>22.08</b>                 | 6.00                         |
| Dividend income **  | <b>10.11</b>                 | 4.85                         |
| Profit on sale of property, plant & equipments (net of losses)          | <b>1.15</b>                  | 0.11                         |
| Insurance claim   | <b>0.70</b>                  | 2.21                         |
| Fair valuation gain on investments measured at FVTPL (net)              | -                            | 0.54                         |
| Gain on sale of investments carried at FVTPL                            | -                            | 0.12                         |
| Gain on Lease modification/ termination (net of losses) ***             | <b>0.01</b>                  | -                            |
| Miscellaneous income # \$   | <b>22.99</b>                 | 7.34                         |
| <b>Total</b>  | <b>361.23</b>                | 209.42                       |

\* Including ₹ 13.42 crores (previous year ₹ 18.68 crores) on FVTPL Financial Assets.

\*\* Including ₹ 9.98 crores (previous year ₹ 4.72 crores) on FVTOCI Financial Assets.

\*\*\* Amount for the previous year is nullified on conversion to ₹ crores

# Miscellaneous income for the current year includes ₹ 10.39 crores received from Employees' Provident Fund Trust of the Company (GNFC-EPFT) towards redemption value of principal and interest amount of security issued by Punjab State Industrial Development Corporation (PSIDC) and held by GNFC-EPFT. As this security was already matured in earlier years and maturity amount was not received by the GNFC-EPFT from PSIDC, this was not transferred in the name of the Company till date. The Company had already made good the loss while transferring the PF corpus to the Employees' Provident Fund Organisation (EPFO) by considering the fair value of security at ₹ 1 and therefore, the aforesaid receipt from (GNFC-EPFT) has been recorded as income of the Company.

\$ Miscellaneous income for the current year includes ₹ 7.38 crores received from IL&FS Financial Services Limited as interim distribution towards investments in its non-convertible debentures. The Company had already made good the loss while transferring the PF corpus to the Employees' Provident Fund Organisation (EPFO) by considering the fair value of securities at ₹ 1 each and therefore, the aforesaid receipt has been recorded as income of the Company.

**Note 29 : Cost of raw materials consumed**
**(₹ Crores)**

| Particulars                               | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| Inventory at the beginning of the year    | <b>362.44</b>                | 186.69                       |
| Add : Purchases                           | <b>5,020.71</b>              | 4,074.84                     |
|   | <b>5,383.15</b>              | 4,261.53                     |
| Less : Inventory at the end of the period | <b>388.97</b>                | 362.44                       |
| <b>Total</b>                              | <b>4,994.18</b>              | 3,899.09                     |

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

##### Note 30 : Changes in inventories of finished goods, work-in-progress and traded goods (₹ Crores)

| Particulars                                   | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| <b>Inventory at the beginning of the year</b> |                              |                              |
| Work-in-progress                              | 38.58                        | 36.79                        |
| Finished goods                                | 80.04                        | 113.26                       |
| Traded goods                                  | 14.82                        | 2.22                         |
|   | <u>133.44</u>                | <u>152.27</u>                |
| <b>Inventory at the end of the period</b>     |                              |                              |
| Work-in-progress                              | 38.32                        | 38.58                        |
| Finished goods                                | 177.76                       | 80.04                        |
| Traded goods                                  | 2.78                         | 14.82                        |
|   | <u>218.86</u>                | <u>133.44</u>                |
| <b>Total</b>                                  | <b>(85.42)</b>               | <b>18.83</b>                 |

##### Note 31 : Employee benefits expense (₹ Crores)

| Particulars   | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| Salaries and wages  | 495.19                       | 343.64                       |
| Contribution to provident and pension fund (refer Note 41)  | 41.18                        | 43.23                        |
| Contribution and provision towards gratuity (refer Note 41) | 15.65                        | 16.80                        |
| Employees' welfare expenses                                 | 53.60                        | 64.26                        |
|   | <u>605.62</u>                | <u>467.93</u>                |
| <b>Total</b>  | <b>605.62</b>                | <b>467.93</b>                |

##### Note 32 : Finance costs (₹ Crores)

| Particulars                                 | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| Interest on borrowings                      | 1.71                         | 0.43                         |
| Interest others                             | 1.38                         | 1.08                         |
| Bank charges and commission                 | 2.02                         | 1.80                         |
| Interest on lease liability (refer Note 39) | 0.15                         | 0.15                         |
|   | <u>5.26</u>                  | <u>3.46</u>                  |
| <b>Total</b>                                | <b>5.26</b>                  | <b>3.46</b>                  |

##### Note 33 : Depreciation and amortization (₹ Crores)

| Particulars  | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| Depreciation on property, plant and equipment (refer Note 4) | 294.81                       | 286.35                       |
| Depreciation on investment property (refer Note 6)           | 0.81                         | 0.42                         |
| Amortization on intangible assets (refer Note 7)             | 3.89                         | 3.96                         |
| Depreciation on RoU assets (refer Note 39)                   | 3.43                         | 0.96                         |
|  | <u>302.94</u>                | <u>291.69</u>                |
| <b>Total</b>   | <b>302.94</b>                | <b>291.69</b>                |



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**Note 34 : Other expenses**
**(₹ Crores)**

| Particulars   | Year Ended<br>March 31, 2023 | Year Ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| Stores, chemicals and catalysts   | <b>155.33</b>                | 146.44                       |
| Packing expenses  | <b>96.01</b>                 | 89.33                        |
| Insurance   | <b>34.46</b>                 | 35.06                        |
| Repairs and maintenance :   |                              |                              |
| - Building  | <b>13.95</b>                 | 9.00                         |
| - Plant and equipment   | <b>151.19</b>                | 131.31                       |
| - Others  | <b>7.05</b>                  | 6.10                         |
| Material handling expenses  | <b>10.90</b>                 | 10.38                        |
| Outward freight and other charges                                       | <b>79.64</b>                 | 83.36                        |
| Sales promotion expenses  | <b>7.05</b>                  | 2.02                         |
| Selling commission  | <b>0.14</b>                  | 0.30                         |
| Rates & taxes   | <b>3.92</b>                  | 4.16                         |
| Operating lease Rent  | <b>3.39</b>                  | 4.01                         |
| Printing & stationery, communication and advertisement expense          | <b>7.70</b>                  | 2.47                         |
| Traveling and conveyance expenses                                       | <b>3.17</b>                  | 1.68                         |
| Fire fighting, safety and security expenses                             | <b>9.48</b>                  | 8.30                         |
| Electricity charges   | <b>2.34</b>                  | 2.20                         |
| Professional and consultancy charges                                    | <b>4.09</b>                  | 2.88                         |
| Payment for contract services   | <b>15.90</b>                 | 16.31                        |
| Exchange variance on monetary items                                     | <b>1.59</b>                  | 2.91                         |
| Director's fees   | <b>0.22</b>                  | 0.15                         |
| Payment to auditors (refer note (a) below)                              | <b>0.45</b>                  | 0.41                         |
| Contributions towards Corporate Social Responsibilities (refer Note 40) | <b>24.27</b>                 | 9.43                         |
| Premium on forward contracts  | <b>4.69</b>                  | 5.61                         |
| Provision for doubtful debts / advances                                 | <b>5.36</b>                  | 7.20                         |
| Provision for excess inventory  | <b>5.28</b>                  | 13.00                        |
| Bad debts written off   | <b>0.34</b>                  | 0.32                         |
| Provision for Contingencies   | <b>53.27</b>                 | 55.70                        |
| Fair valuation loss on investments measured at FVTPL (net)              | <b>0.82</b>                  | -                            |
| Loss on sale of investments carried at FVTPL                            | <b>0.66</b>                  | -                            |
| Provision for Energy Savings Certificates                               | <b>0.38</b>                  | -                            |
| Inventory Written off   | <b>1.82</b>                  | 0.99                         |
| Less: Utilization of Provision for Inventory obsolescence               | <b>(1.82)</b>                | (0.87)                       |
| Assets written off  | <b>1.20</b>                  | 1.05                         |
| Miscellaneous expenses *  | <b>55.38</b>                 | 39.59                        |
| <b>Total</b>  | <b>759.62</b>                | 690.80                       |

\* Includes ₹ 38.94 crores (previous year ₹ 24.32 crores) related to by-product & waste handling expense.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(a) Payment to auditors includes following :

(₹ Crores)

| Particulars   | Year Ended<br>March 31, 2023 | Year Ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| <b>Payments to Statutory Auditors comprise:<br/>(Net of GST Input Credit, where applicable)</b> |                              |                              |
| <b>As auditor:</b>  |                              |                              |
| (i) Statutory Audit Fees  | 0.14                         | 0.13                         |
| (ii) Limited review Fees  | 0.10                         | 0.11                         |
| <b>In other capacity:</b>   |                              |                              |
| (i) Certification fees  | 0.17                         | 0.16                         |
| (ii) Tax Audit Fees   | 0.03                         | -                            |
| <b>Reimbursement of Expenses</b>  | <b>0.01</b>                  | <b>0.01</b>                  |
| <b>Total</b>  | <b>0.45</b>                  | <b>0.41</b>                  |

The above Includes ₹ 0.14 crore paid to previous auditor during the year ended March 31, 2022.

#### Note 35 : Earning per share

| Particulars  | Unit     | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|----------|------------------------------|------------------------------|
| Net profit after tax   | ₹ Crores | 1,471.54                     | 1,710.41                     |
| Weighted average number of equity shares of nominal value of ₹ 10 each in calculating Earnings Per Share | Nos.     | 15,54,18,783                 | 15,54,18,783                 |
| Basic and diluted earnings per share   | ₹        | 94.68                        | 110.05                       |

#### Note 36 : Contingent liabilities and other commitments (to the extent not provided for)

(₹ Crores)

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>(A) Contingent liabilities</b>  |                         |                         |
| (i) Claims against the Company not acknowledged as debts<br>(In the nature of business contractual claims)                                     | 235.83                  | 254.91                  |
| (ii) Income tax assessment orders contested  | 116.42                  | 143.10                  |
| (iii) Demands in respect of Central Excise Duty, Custom Duty, Service Tax,<br>GST and Value Added Tax as estimated by the Company              | 159.61                  | 153.00                  |
| <b>Total contingent liabilities</b>  | <b>511.86</b>           | <b>551.01</b>           |
| In respect of the above, the expected outflow will be determined at the time of final resolution of the dispute.                               |                         |                         |
| <b>(B) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)</b>                    | <b>579.30</b>           | <b>162.68</b>           |
| <b>(C) Other commitments</b>   |                         |                         |
| (i) Export obligation on account of benefit of concessional rate of Custom duty availed under EPCG license scheme on imports of capital goods. | 108.14                  | 120.97                  |
| <b>Total other commitments</b>   | <b>108.14</b>           | <b>120.97</b>           |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**Note 37 : Related party disclosures**

Related party disclosures, as required by Ind AS-24, "Related Party Disclosures", are given below:

**(₹ Crores)**

| Name of the Company                           | Nature of Relationship | Nature of Transactions         | Year Ended<br>March 31, 2023 | Year Ended<br>March 31, 2022 |
|---|------------------------|--------------------------------|------------------------------|------------------------------|
| Gujarat Green Revolution Company Limited      | Associate              | Sale of goods and services     | - *                          | - *                          |
|   |                        | Dividend received              | 0.13                         | 0.13                         |
|   |                        | Receivable as on               | - *                          | -                            |
| Gujarat State Fertilizers & Chemicals Limited | Promotor               | Purchase of goods and services | 13.69                        | 5.25                         |
|   |                        | Sale of goods and services     | - *                          | -                            |
|   |                        | Dividend received              | 1.88                         | 1.65                         |
|   |                        | Receivable as on               | 0.03                         | - *                          |
| Narmadanagar Rural Development Society        | Other related party    | Grant for CSR activities       | 23.95                        | 9.43                         |

\* Amount nullified on conversion to ₹ crores.

**(Amount ₹)**

| Name of the Person                                    | Nature of Relationship   | Nature of Transactions  | Year Ended<br>March 31, 2023 | Year Ended<br>March 31, 2022 |
|---|--------------------------|-------------------------|------------------------------|------------------------------|
| Shri Pankaj Kumar, IAS - Chairman @ (upto 31.01.2023) | Key Management Personnel | Sitting Fees            | 52,500                       | 52,500                       |
| Shri Vipul Mitra, IAS - Chairman @ (From 31.01.2023)  | Key Management Personnel | Sitting Fees            | 17,500                       | -                            |
| Shri Anil Mukim, IAS - Chairman @ (upto 03.09.2021)   | Key Management Personnel | Sitting Fees            | -                            | 35,000                       |
| Smt. Mamta Verma, IAS - Director @                    | Key Management Personnel | Sitting Fees            | 2,10,000                     | 1,92,500                     |
| Shri Mukesh Puri, IAS - Director @ (From 07.01.2021)  | Key Management Personnel | Sitting Fees            | 1,75,000                     | 1,75,000                     |
| Shri J P Gupta, IAS - Director @ (From 20.12.2021)    | Key Management Personnel | Sitting Fees            | 2,10,000                     | 35,000                       |
| Smt. Gaurikumar, IAS (Rtd.) - Director                | Key Management Personnel | Sitting Fees            | 2,45,000                     | 2,97,500                     |
| Prof. Ranjan Kumar Ghosh - Director                   | Key Management Personnel | Sitting Fees            | 3,85,000                     | 2,97,500                     |
| Shri Bhadrash Mehta (From 29.12.2021)                 | Key Management Personnel | Sitting Fees            | 3,50,000                     | 87,500                       |
| Dr. N. Ravichandran, Director (From 29.12.2021)       | Key Management Personnel | Sitting Fees            | 3,32,500                     | 87,500                       |
| Prof. Piyushkumar Sinha, Director (From 08.03.2022)   | Key Management Personnel | Sitting Fees            | 1,92,500                     | 17,500                       |
| Shri Sunil Parekh - Director (upto 30.09.2021)        | Key Management Personnel | Sitting Fees            | -                            | 2,10,000                     |
| Shri Pankaj Joshi, IAS Managing Director              | Key Management Personnel | Managerial remuneration | 78,80,435 **                 | 74,29,187 **                 |
| Shri DV Parikh (ED & CFO)                             | Key Management Personnel | Remuneration            |                              |                              |
| Shri A C Shah (GM & CS)                               | Key Management Personnel | Remuneration            |                              |                              |

@ Amount deposited in Government Treasury

\*\* ₹ 0.06 crore Outstanding payable as on March 31, 2023 (₹ 0.06 crore as on March 31, 2022).

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Note 38 : Research and development expenses

The statement of profit and loss includes following nature of research & development expenses in the respective heads:

| Particulars                                    | (₹ Crores)                   |                              |
|--|------------------------------|------------------------------|
|  | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
| Personnel expenses                             | 1.46                         | 2.03                         |
| Consumables and spares                         | 0.06                         | 0.10                         |
| Power and fuel consumption                     | 0.12                         | 0.09                         |
| <b>Total research and development expenses</b> | <b>1.64</b>                  | <b>2.22</b>                  |

#### Note 39 : Leases:

##### Company as a lessee

The Company has taken various land, warehouses, godowns, guest houses, office premises and vehicles used in its operations. These are generally cancellable having a term between one to three year extendable for further period as per the terms of rental agreements.

The Company also has certain leases of warehouses, godowns, office premises and vehicles with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised as per Ind AS 116 and the movements during the period:

| Particulars                    | (₹ Crores)    |             |          |               |
|--------------------------------|---------------|-------------|----------|---------------|
|                                | Land          | Building    | Vehicles | Total         |
| <b>As at April 01, 2021</b>    | 0.25          | 1.58        | -        | 1.83          |
| Additions                      | -             | 0.84        | -        | 0.84          |
| Deletion / Termination         | -             | (0.21)      | -        | (0.21)        |
| Depreciation for the year      | (0.02)        | (0.94)      | -        | (0.96)        |
| Dep on Disposals / termination | -             | 0.13        | -        | 0.13          |
| <b>As at March 31, 2022</b>    | <b>0.23</b>   | <b>1.40</b> | <b>-</b> | <b>1.63</b>   |
| Additions                      | -             | 1.34        | -        | 1.34          |
| Deletion / Termination         | -             | (0.37)      | -        | (0.37)        |
| Reclassification               | 217.15        | -           | -        | 217.15        |
| Depreciation for the year      | (2.54)        | (0.89)      | -        | (3.43)        |
| Dep on Disposals / termination | -             | 0.19        | -        | 0.19          |
| <b>As at March 31, 2023</b>    | <b>214.84</b> | <b>1.67</b> | <b>-</b> | <b>216.51</b> |

Set out below are the carrying amounts of lease liabilities and the movements during the period:

| Particulars                 | (₹ Crores)  |
|-----------------------------|-------------|
|                             | Amount      |
| <b>As at April 01, 2021</b> | <b>1.90</b> |
| Additions                   | 0.84        |
| Accretion of interest       | 0.15        |
| Payments                    | (1.10)      |
| Lease termination           | (0.09)      |
| <b>As at March 31, 2022</b> | <b>1.70</b> |
| Additions                   | 1.34        |
| Accretion of interest       | 0.15        |
| Payments                    | (1.03)      |
| Lease termination           | (0.19)      |
| <b>As at March 31, 2023</b> | <b>1.97</b> |
| <b>Current</b>              | <b>0.70</b> |
| <b>Non-Current</b>          | <b>1.27</b> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

The maturity analysis of lease liabilities are disclosed in Note 50.

The effective interest rate for lease liabilities is 8.70%, with maturity between 2020-2049

The following are the amounts recognised in Statement of profit and loss:

| Particulars  | (₹ Crores)                   |                              |
|--|------------------------------|------------------------------|
|  | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
| Depreciation expense of right-of-use assets                        | 3.43                         | 0.96                         |
| Interest expense on lease liabilities                              | 0.15                         | 0.15                         |
| Expense relating to short-term leases (included in other expenses) | 3.39                         | 4.01                         |
| <b>Total amount recognised in profit and loss</b>                  | <b>6.97</b>                  | <b>5.12</b>                  |

**Company as a lessor**

The Company has entered into operating leases on its investment property portfolio consisting of certain office. Rent income also includes rentals received from lease of office premises. These leases is generally for a period of three to four years. There are no restrictions imposed by lease arrangements.

Future minimum rentals receivable under non-cancellable operating leases as at March 31 are as follows:

| Particulars                                   | (₹ Crores)              |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
| Not later than one year                       | 2.91                    | 0.87                    |
| Later than one year not later than five years | 3.52                    | 0.79                    |
| Later than five years                         | -                       | -                       |
| <b>Total</b>                                  | <b>6.43</b>             | <b>1.66</b>             |

**Note 40 : Corporate social responsibility**

| Particulars   | (₹ Crores)                   |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
| A) Gross amount required to be spent by the Company during the year   | 24.20                        | 14.40                        |
| B) Amount spent during the year on  |                              |                              |
| (I) Construction/acquisition of any asset   | -                            | -                            |
| (II) On purposes other than (I) above (Refer below note (a))  | 24.27                        | 10.15                        |
| C) Shortfall / (excess) at the end of the year before set off   | (0.07)                       | 4.25                         |
| D) Amount available for set off for the year  | -                            | 4.25                         |
| E) Shortfall / (excess) at the end of the year after set off  | (0.07)                       | -                            |
| F) Reason for shortfall   | NA                           | NA                           |
| G) Nature of CSR activities   | Refer below<br>note (b)      | Refer below<br>note (b)      |
| H) Details of related party transactions in relation to CSR expenditure as per<br>Ind AS 24, Related Party Disclosures (Refer below note (c)) | 23.95                        | 9.43                         |

**Note (a) :**

Amount for the year ended March 31, 2022 includes ₹0.72 crore expenditure incurred for supply of Oxygen to various hospitals at Free of Cost.

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

**Note (b) :**

CSR Expenditure incurred for various activities like Women empowerment, Rural development, Livelihood enhancement, Promoting gender equality, education, Preventive healthcare and sanitation, Disaster management, Support to armed force etc.

**Note (c) :**

Represents contribution to Narmadanagar Rural Development Society (NARDES), a CSR Arm controlled by the Company to undertake various CSR activities.

**Note 41 : Gratuity and other post employment benefit plans:**

**A. Defined contribution plans:**

Amount of ₹ **41.18** crores (March 31, 2022: ₹ 43.23 crores) is recognised as expenses and included in Note No. 31 "Employee benefit expense"

| Particulars                    | (₹ Crores)                   |                              |
|--------------------------------|------------------------------|------------------------------|
|                                | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
| Provident fund                 | <b>22.30</b>                 | 23.42                        |
| Contribution to pension scheme | <b>18.88</b>                 | 19.81                        |
|                                | <b>41.18</b>                 | 43.23                        |

**B. Defined benefit plans:**

The Company has following post employment benefits which are in the nature of defined benefit plans:

(a) Gratuity

(b) Post retirement medical benefit

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity as per payment of Gratuity Act, 1972. The Scheme is funded with Gratuity Trust, which in turn makes contribution to Life Insurance Corporation of India (LIC) in the form of qualifying insurance policy for future payment of gratuity to the employees.

Each year the management reviews the level of funding in the gratuity fund. Such review includes the asset - liability matching strategy. The management decides its contributions based on the results of this review. The management aims to keep annual contributions relatively stable at a level such that no plan deficit (based on valuation performed) will arise.

The plan for the Post retirement medical benefit is unfunded.

The following table summarises the components of net benefit expense recognised in statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

## March 31, 2023 : Changes in defined benefit obligations and plan assets (₹ Crores)

|  | Cost charged to statement of profit and loss |                |                      |  | Remeasurement gains/(losses) in other comprehensive income (OCI) |  |   |   | March 31, 2023 |                        |                           |
|--|--|----------------|----------------------|--|--|--|---|---|----------------|------------------------|---------------------------|
|  | April 01, 2022                               | Service cost   | Net interest expense | Sub-total included in statement of profit and loss | Benefit paid   | Return on plan assets (excluding amounts included in net interest expense) | Actuarial changes arising from changes in demographic assumptions | Actuarial changes arising from changes in financial assumptions |                | Experience adjustments | Sub-total included in OCI |
| <b>Gratuity</b>                        |  |                |                      |  |  |  |   |   |                |                        |                           |
| Defined benefit obligation             | (292.89)                                     | (15.87)        | (21.18)              | (37.05)  | 37.59  | -  | -   | (85.50)   | 9.88           | (75.62)                | -                         |
| Fair value of plan assets              | 295.81                                       | -              | 21.39                | 21.39  | (37.59)  | (0.81)   | -   | -   | -              | (0.81)                 | -                         |
| <b>Benefit (liability) / Assets</b>    | <b>2.92</b>                                  | <b>(15.87)</b> | <b>0.21</b>          | <b>(15.66)</b>                                     | <b>-</b>   | <b>(0.81)</b>  | <b>-</b>  | <b>(85.50)</b>  | <b>9.88</b>    | <b>(76.43)</b>         | <b>-</b>                  |
| <b>Post retirement medical benefit</b> |  |                |                      |  |  |  |   |   |                |                        |                           |
| Defined benefit obligation             | (68.22)                                      | (3.23)         | (5.05)               | (8.28)   | 3.16   | -  | -   | 1.68  | (17.17)        | (15.49)                | -                         |
| Fair value of plan assets              | -  | -              | -                    | -  | -  | -  | -   | -   | -              | -                      | -                         |
| <b>Benefit (liability) / Assets</b>    | <b>(68.22)</b>                               | <b>(3.23)</b>  | <b>(5.05)</b>        | <b>(8.28)</b>                                      | <b>3.16</b>  | <b>-</b>   | <b>-</b>  | <b>1.68</b>   | <b>(17.17)</b> | <b>(15.49)</b>         | <b>-</b>                  |

## March 31, 2022 : Changes in defined benefit obligations and plan assets (₹ Crores)

|  | Cost charged to statement of profit and loss |                |                      |  | Remeasurement gains/(losses) in other comprehensive income (OCI) |  |   |   | March 31, 2022 |                        |                           |
|--|--|----------------|----------------------|--|--|--|---|---|----------------|------------------------|---------------------------|
|  | April 01, 2021                               | Service cost   | Net interest expense | Sub-total included in statement of profit and loss | Benefit paid   | Return on plan assets (excluding amounts included in net interest expense) | Actuarial changes arising from changes in demographic assumptions | Actuarial changes arising from changes in financial assumptions |                | Experience adjustments | Sub-total included in OCI |
| <b>Gratuity</b>                        |  |                |                      |  |  |  |   |   |                |                        |                           |
| Defined benefit obligation             | (309.31)                                     | (16.80)        | (21.25)              | (38.05)  | 35.31  | -  | (0.07)  | 8.85  | 10.38          | 19.16                  | -                         |
| Fair value of plan assets              | 309.31                                       | -              | 21.25                | 21.25  | (35.31)  | 0.56   | -   | -   | -              | 0.56                   | -                         |
| <b>Benefit (liability) / Assets</b>    | <b>-</b>                                     | <b>(16.80)</b> | <b>-</b>             | <b>(16.80)</b>                                     | <b>-</b>   | <b>0.56</b>  | <b>(0.07)</b>   | <b>8.85</b>   | <b>10.38</b>   | <b>19.72</b>           | <b>-</b>                  |
| <b>Post retirement medical benefit</b> |  |                |                      |  |  |  |   |   |                |                        |                           |
| Defined benefit obligation             | (64.44)                                      | (3.12)         | (4.45)               | (7.57)   | 3.74   | -  | (7.18)  | 5.29  | 1.94           | 0.05                   | -                         |
| Fair value of plan assets              | -  | -              | -                    | -  | -  | -  | -   | -   | -              | -                      | -                         |
| <b>Benefit (liability) / Assets</b>    | <b>(64.44)</b>                               | <b>(3.12)</b>  | <b>(4.45)</b>        | <b>(7.57)</b>                                      | <b>3.74</b>  | <b>-</b>   | <b>(7.18)</b>   | <b>5.29</b>   | <b>1.94</b>    | <b>0.05</b>            | <b>-</b>                  |

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

| Particulars               | Year ended     | Year ended     |
|---------------------------|----------------|----------------|
|                           | March 31, 2023 | March 31, 2022 |
| Insurance fund with LIC * | 100%           | 100%           |

\* As the gratuity fund is managed by LIC, details of fund invested by insurer are not available with the Company.

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

| Particulars                            | Gratuity  |   | Post retirement medical benefit                           |   |
|--|---|---|---|---|
|  | Year ended<br>March 31, 2023                              | Year ended<br>March 31, 2022                              | Year ended<br>March 31, 2023                              | Year ended<br>March 31, 2022                              |
| Discount rate                          | 7.48%   | 7.27%   | 7.53%   | 7.40%   |
| Future salary increase                 | 9% and 7% as<br>per category                              | 9% and 7% as<br>per category                              | N.A   | N.A   |
| Medical Inflation Rate                 | N.A   | N.A   | 5.00%   | 5.00%   |
| Expected rate of return on plan assets | 7.48%   | 7.27%   | N.A   | N.A   |
| Employee Turnover Rate                 | 10% and 1% as<br>per category                             | 10% and 1% as<br>per category                             | 1.00%   | 1.00%   |
| Mortality rate during employment       | Indian Assured<br>Lives Mortality<br>(2012-14)<br>(Urban) | Indian Assured<br>Lives Mortality<br>(2012-14)<br>(Urban) | Indian Assured<br>Lives Mortality<br>(2012-14)<br>(Urban) | Indian Assured<br>Lives Mortality<br>(2012-14)<br>(Urban) |
| Mortality rate after employment        | N.A   | N.A   | Indian Individual<br>AMT (2012-15)                        | Indian Individual<br>AMT (2012-15)                        |

A quantitative sensitivity analysis for significant assumption is as shown below:

(₹ Crores)

| Particulars            | Sensitivity<br>level | Increase / (decrease) in defined benefit obligation (Impact) |                              |                                 |                              |
|------------------------|----------------------|--|------------------------------|---------------------------------|------------------------------|
|                        |                      | Gratuity   |                              | Post retirement medical benefit |                              |
|                        |                      | Year ended<br>March 31, 2023                                 | Year ended<br>March 31, 2022 | Year ended<br>March 31, 2023    | Year ended<br>March 31, 2022 |
| Discount rate          | 1% increase          | (19.48)  | (19.85)                      | (11.38)                         | (9.04)                       |
|                        | 1% decrease          | 22.90  | 23.25                        | 14.45                           | 11.54                        |
| Salary increase        | 1% increase          | 22.77  | 23.08                        | N.A                             | N.A                          |
|                        | 1% decrease          | (23.50)  | (20.07)                      | N.A                             | N.A                          |
| Medical cost inflation | 1% increase          | N.A  | N.A                          | 14.68                           | 11.71                        |
|                        | 1% decrease          | N.A  | N.A                          | (11.72)                         | (9.30)                       |
| Employee turnover      | 1% increase          | 1.05   | 0.64                         | (3.60)                          | (3.00)                       |
|                        | 1% decrease          | (5.22)   | (0.76)                       | 4.33                            | 3.60                         |



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**The followings are the expected future benefit payments for the defined benefit plan : (₹ Crores)**

| Particulars   | Gratuity                     |                              | Post retirement medical benefit |                              |
|---|------------------------------|------------------------------|---------------------------------|------------------------------|
|   | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 | Year ended<br>March 31, 2023    | Year ended<br>March 31, 2022 |
| Within the next 12 months<br>(next annual reporting period) | 35.56                        | 37.17                        | 3.15                            | 2.21                         |
| Between 2 and 5 years                                       | 101.93                       | 113.63                       | 16.25                           | 11.72                        |
| Between 6 and 10 years                                      | 124.13                       | 126.40                       | 28.85                           | 21.37                        |
| <b>Total expected payments</b>                              | <b>261.62</b>                | <b>277.20</b>                | <b>48.25</b>                    | <b>35.30</b>                 |

**Weighted average duration of defined plan obligation (based on discounted cash flows) (Years)**

| Particulars                        | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|------------------------------------|------------------------------|------------------------------|
| Gratuity                           | 9                            | 9                            |
| Post retirement benefit obligation | 16                           | 16                           |

**The followings are the expected contributions to planned assets for the next year: (₹ Crores)**

| Particulars                     | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---------------------------------|------------------------------|------------------------------|
| Gratuity                        | 14.15                        | 12.95                        |
| Post retirement medical benefit | -                            | -                            |

**Note 42 : Investments in Subsidiary and Associates**

| Name of Entity                           | Relationship | Place of<br>Business | Ownership      |                |
|--|--------------|----------------------|----------------|----------------|
|  |              |                      | March 31, 2023 | March 31, 2022 |
| Gujarat Ncode Solutions Limited *        | Subsidiary   | India                | NIL            | NIL            |
| Gujarat Green Revolution Company Limited | Associate    | India                | 46.87%         | 46.87%         |

\* The Name of the Company's wholly owned subsidiary – "Gujarat Ncode Solutions Limited", has been strike off by the Register of Companies vide its Order dated September 25, 2021.

Note: Method of accounting of investments in subsidiary and associate company is at cost.

**(b) Additional information as required by paragraph 2 of the 'General instruction for preparation of Consolidated Financial Statements' to schedule III to the Companies Act, 2013:**

| Particulars | Net Asset (i.e Total Asset<br>- Total Liabilities) |                      | Share of<br>Profit or Loss                 |                      | Share in other<br>Comprehensive income                      |                      |
|-------------|--|----------------------|--|----------------------|---|----------------------|
|             | As % of<br>consolidated<br>net assets              | Amount<br>(₹ Crores) | As % of<br>consolidated<br>profit and loss | Amount<br>(₹ Crores) | As % of<br>consolidated<br>other<br>comprehensive<br>income | Amount<br>(₹ Crores) |

|  |        |          |        |          |         |        |
|--|--------|----------|--------|----------|---------|--------|
| <b>Parent</b>  |        |          |        |          |         |        |
| Gujarat Narmada Valley Fertilizers and Chemicals Limited |        |          |        |          |         |        |
| - Balance as at March 31, 2023                           | 98.90% | 9,005.11 | 99.49% | 1,463.98 | 100.00% | 335.76 |
| - Balance as at March 31, 2022                           | 98.44% | 7,897.59 | 99.61% | 1,703.75 | 100.00% | 335.76 |
| <b>Indian Subsidiary</b>                                 |        |          |        |          |         |        |
| Gujarat Ncode solutions Limited                          |        |          |        |          |         |        |
| - Balance as at March 31, 2023                           | 0.00%  | Nil      | 0.00%  | Nil      | 0.00%   | Nil    |
| - Balance as at March 31, 2022                           | 0.00%  | Nil      | 0.00%  | Nil      | 0.00%   | Nil    |

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

| Particulars                              | Net Asset (i.e Total Asset - Total Liabilities) |                   | Share of Profit or Loss              |                   | Share in other Comprehensive income             |                   |
|--|---|-------------------|--------------------------------------|-------------------|---|-------------------|
|  | As % of consolidated net assets                 | Amount (₹ Crores) | As % of consolidated profit and loss | Amount (₹ Crores) | As % of consolidated other comprehensive income | Amount (₹ Crores) |
| <b>Indian associate</b>                  |   |                   |                                      |                   |   |                   |
| Gujarat Green Revolution Company Limited |   |                   |                                      |                   |   |                   |
| - Balance as at March 31, 2023           | 1.10%   | 100.00            | 0.51%                                | 7.56              | 0.00%   | Nil               |
| - Balance as at March 31, 2022           | 1.56%   | 92.44             | 0.39%                                | 6.66              | 0.00%   | Nil               |
| <b>Total</b>                             |   |                   |                                      |                   |   |                   |
| - Balance as at March 31, 2023           | 100.00%   | 9,105.11          | 100.00%                              | 1,471.54          | 100.00%   | 335.76            |
| - Balance as at March 31, 2022           | 100.00%   | 7,990.03          | 100.00%                              | 1,710.41          | 100.00%   | 335.76            |

#### (c) Investment in Associate

The Group has a 46.87% interest in Gujarat Green Revolution Company Limited (GGRCL), which is appointed as a nodal agency by the Government of Gujarat. GGRCL is a public company that is not listed on any public exchange. The Group's interest in GGRCL is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in GGRCL :

| Particulars                               | (₹ Crores)           |                      |
|---|----------------------|----------------------|
|   | As at March 31, 2023 | As at March 31, 2022 |
| Current assets                            | 688.05               | 589.31               |
| Non-current assets                        | 12.55                | 11.76                |
| Current liabilities                       | (486.51)             | (403.20)             |
| Non-current liabilities                   | (0.73)               | (0.64)               |
| <b>Equity</b>                             | <b>213.36</b>        | <b>197.23</b>        |
| Proportion of the group's ownership       | 46.87%               | 46.87%               |
| Carrying amount of the group's investment | 100.00               | 92.44                |

| Particulars   | (₹ Crores)                |                           |
|---|---------------------------|---------------------------|
|   | Year ended March 31, 2023 | Year ended March 31, 2022 |
| Revenue   | 33.77                     | 29.92                     |
| Changes in inventories of finished goods                        | -                         | -                         |
| Depreciation & amortization                                     | (0.75)                    | (0.68)                    |
| Finance cost  | -                         | (0.04)                    |
| Employee benefit  | (7.47)                    | (6.64)                    |
| Other expenses  | (3.47)                    | (3.14)                    |
| <b>Profit before Tax</b>  | <b>22.08</b>              | <b>19.42</b>              |
| Income tax expense  | (5.67)                    | (5.01)                    |
| Profit for the year   | 16.41                     | 14.41                     |
| Total Comprehensive income for the year                         | 16.41                     | 14.41                     |
| <b>Group's share of profit for the year</b>                     | <b>7.69</b>               | <b>6.75</b>               |
| <b>Group's share of other comprehensive income for the year</b> | <b>-</b>                  | <b>-</b>                  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

### NOTE 43 (A) :

In earlier year, Hon'ble High Court of Gujarat has sanctioned the Scheme of Arrangement and Demerger for transfer of V-SAT/ISP Gateway Business of the Company to ING Satcom Ltd., an unlisted Company against cash consideration of ₹ 6 crores vide its Common Oral Order dated June 15, 2012.

The "Appointed Date" of the Scheme is 1st April, 2010.

Subsequent to the Order passed by the Hon'ble High Court of Gujarat, sanctioning the Scheme of Demerger, two separate applications for transfer of V-SAT and ISP Gateway Licences standing in the name of the Company to the name of Transferee Company viz. ING Satcom Limited were submitted to Department of Telecommunications (DOT) on January 31, 2013 which are still pending for approval before DOT.

As per the legal opinion taken by the Company from the consultant, though the Scheme has been sanctioned by the Hon'ble High Court of Gujarat and has become effective, the scheme is subject to and conditional upon the approval of the Government Authorities for transfer of Licences from the Company to ING Satcom Limited.

During the year 2014-15, an agreement-Cum-Indemnity Bond was executed on 12.04.2014 between the Company and ING Satcom Limited whereby, pending transfer of Licences, the assets of demerged business (other than Licences) have been handed over to ING Satcom Limited subject to certain terms and conditions, inter alia, including the terms of settling the transaction under different eventualities of rejection of transfer applications / non-transfer of Licences by 31.12.2014.

Since disposal of applications for transfer of Licences in the name of ING Satcom Limited by the competent authorities as well as settlement of transaction between the Company and ING Satcom Limited are still pending, no accounting treatment is given in the books of account of the Company since 2014-15 till the financial year ended 31.03.2023.

Necessary accounting treatment will be given in the books of accounts of the Company either on disposal of applications for transfer of Licences in the name of ING Satcom Limited by the competent authorities or on finalization of settlement of transaction with ING Satcom Limited. The amount received is classified under other current liabilities [refer Note 24].

### NOTE 43(B) : Demand Notice from Department of Telecommunication (DoT)

During the current year, the Company has received updated Demand Notice of ₹ 21,370 crores from the Department of Telecommunications (DoT), Ministry of Communications, Government of India, Gujarat Telecom Circle, Ahmedabad, vide its letters dated July 15, 2022 towards the license fee (including interest and penalty computed till November 30, 2021) in respect of "Very Small Aperture Terminal" (V-SAT) License and "Category A - Internet Service Provider" (ISP) License for the financial years from FY 2005-06 to FY 2019-20. Earlier, the Company had also received an initial Demand Notice from DOT dated March 05, 2020 and December 23, 2019 for amounting to ₹ 16,359 crores and ₹ 15,020 crores, respectively (including interest and penalty). The Company has made representations to the DoT against the said demand notices.

The Company has evaluated the assessment made by DoT for raising the above demand notices based on the Adjusted Gross Revenue (AGR) judgement of Hon'ble Supreme Court of India on October 24, 2019. Aggrieved by the above demands, the Company had submitted various representations dated January 06, 2020, February 21, 2020, April 03, 2020 and March 04, 2022 to the DoT requesting reconsideration and withdrawal of the Demands raised by the DoT including the revenues of the Company from Fertilizers and Chemicals Business which is completely unconnected to VSAT and ISP Licenses.

Hon'ble Supreme Court vide its Order dated June 11, 2020 directed DoT to reconsider the demand raised on Public Sector Undertakings ("PSUs"), which are not in business of mobile services to the general public.

The Telecom Disputes Settlement & Appellate Tribunal (TDSAT), in its Order dated 28th February, 2022 in the case of Netmagic Solutions Pvt. Ltd., a private limited company, held that there is no scope to differentiate between two sets of licensees having same or similar Licenses only on the basis of their ownership, private or public and set aside the demand raised by the DoT.

Based on the legal assessment in consultation with Senior Advocates, the Company believes that it has strong grounds on merits to contest the demand raised by the DoT and defend itself in the matter. Accordingly, this amount is neither provided in books of accounts nor considered under Contingent liability.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Note 44 : Ageing for trade receivables

44.1 : Ageing for trade receivables as at March 31, 2023 is as follows :

(₹ Crores)

| Particulars                   | Outstanding for following periods from due date of payment |                    |                    |              |              |                   | Grand Total   |
|-------------------------------|--|--------------------|--------------------|--------------|--------------|-------------------|---------------|
|                               | Not due  | Less than 6 Months | 6 months to 1 year | 1 to 2 years | 2 to 3 years | more than 3 years |               |
| <b>Trade Receivables</b>      |  |                    |                    |              |              |                   |               |
| Undisputed, considered Good   | 88.50  | 23.35              | 5.16               | 4.24         | 1.38         | -                 | 122.63        |
| Undisputed, Credit Impaired   | -  | -                  | -                  | 0.02         | 0.01         | 0.02              | 0.05          |
| Disputed, considered Good     | -  | -                  | -                  | -            | 1.36         | 8.74              | 10.10         |
| Disputed, Credit Impaired     | -  | -                  | -                  | -            | 0.04         | 4.13              | 4.17          |
| <b>Subsidy receivable</b>     |  |                    |                    |              |              |                   |               |
| Undisputed, considered Good   | -  | 194.24             | -                  | 50.52        | -            | -                 | 244.76        |
| Disputed, Credit Impaired     | -  | -                  | -                  | -            | -            | -                 | -             |
| <b>Total as on 31.03.2023</b> | <b>88.50</b>   | <b>217.59</b>      | <b>5.16</b>        | <b>54.78</b> | <b>2.79</b>  | <b>12.89</b>      | <b>381.71</b> |

44.2 : Ageing for trade receivables as at March 31, 2022 is as follows :

(₹ Crores)

| Particulars                   | Outstanding for following periods from due date of payment |                    |                    |              |              |                   | Grand Total   |
|-------------------------------|--|--------------------|--------------------|--------------|--------------|-------------------|---------------|
|                               | Not due  | Less than 6 Months | 6 months to 1 year | 1 to 2 years | 2 to 3 years | more than 3 years |               |
| <b>Trade Receivables</b>      |  |                    |                    |              |              |                   |               |
| Undisputed, considered Good   | 108.51   | 18.09              | 6.59               | 3.38         | 1.74         | -                 | 138.31        |
| Undisputed, Credit Impaired   | -  | -                  | -                  | -            | 1.84         | 4.01              | 5.85          |
| Disputed, considered Good     | -  | 0.13               | 1.01               | 3.78         | 2.03         | 0.02              | 6.97          |
| Disputed, Credit Impaired     | -  | -                  | -                  | -            | 1.95         | 10.83             | 12.78         |
| <b>Subsidy receivable</b>     |  |                    |                    |              |              |                   |               |
| Undisputed, considered Good   | -  | 479.82             | -                  | -            | -            | -                 | 479.82        |
| Disputed, considered Good     | -  | -                  | -                  | -            | -            | 0.95              | 0.95          |
| <b>Total as on 31.03.2022</b> | <b>108.51</b>  | <b>498.04</b>      | <b>7.60</b>        | <b>7.16</b>  | <b>7.56</b>  | <b>15.81</b>      | <b>644.68</b> |

#### Note 45 : Ageing for trade Payable

45.1 : Ageing for trade payables as at March 31, 2023 is as follows :

(₹ Crores)

| Particulars           | Outstanding for following periods from due date of payment |                  |             |              |                   | Grand Total   |
|-----------------------|--|------------------|-------------|--------------|-------------------|---------------|
|                       | Not due  | Less than 1 year | 1 to 2 year | 2 to 3 years | more than 3 years |               |
| <b>Trade Payables</b> |  |                  |             |              |                   |               |
| Undisputed - MSME     | 37.25  | 1.73             | 0.29        | -            | 6.59              | 45.86         |
| Undisputed - Others   | 459.55   | 23.64            | 6.49        | 14.85        | 14.48             | 519.01        |
| Disputed - MSME       | -  | -                | -           | -            | -                 | -             |
| Disputed - Others     | -  | 0.55             | 0.69        | 0.45         | 11.15             | 12.84         |
| <b>Total - MSME</b>   | <b>37.25</b>   | <b>1.73</b>      | <b>0.29</b> | <b>-</b>     | <b>6.59</b>       | <b>45.86</b>  |
| <b>Total - Others</b> | <b>459.55</b>  | <b>24.19</b>     | <b>7.18</b> | <b>15.30</b> | <b>25.63</b>      | <b>531.85</b> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**45.2 : Ageing for trade payables as at March 31, 2022 is as follows :** (₹ Crores)

| Particulars           | Outstanding for following periods from due date of payment |                  |              |              |                   | Grand Total   |
|-----------------------|--|------------------|--------------|--------------|-------------------|---------------|
|                       | Not due  | Less than 1 year | 1 to 2 year  | 2 to 3 years | more than 3 years |               |
| <b>Trade Payables</b> |  |                  |              |              |                   |               |
| Undisputed - MSME     | 18.97  | 2.00             | 0.04         | 0.30         | 5.19              | 26.50         |
| Undisputed - Others   | 494.64   | 68.52            | 19.65        | 13.23        | 10.91             | 606.95        |
| Disputed - MSME       | -  | -                | -            | -            | 1.64              | 1.64          |
| Disputed - Others     | -  | 0.46             | 0.45         | 0.40         | 11.38             | 12.69         |
| <b>Total - MSME</b>   | <b>18.97</b>   | <b>2.00</b>      | <b>0.04</b>  | <b>0.30</b>  | <b>6.83</b>       | <b>28.14</b>  |
| <b>Total - Others</b> | <b>494.64</b>  | <b>68.98</b>     | <b>20.10</b> | <b>13.63</b> | <b>22.29</b>      | <b>619.64</b> |

**Note 46 : Segment Information**

**Operating Segments:** The identified reportable segments are Fertilizers, Chemicals and Others in terms of the requirements of Ind AS 108 "Operating Segments" as notified under section 133 of the Companies Act, 2013. Other Segment mainly includes Information Technology division activities and neem product related activities.

**Identification of Segments:** The chief operational decision maker monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements, Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

**Segment revenue and results:** The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure and unallocable income.

**Segment assets and liabilities:** Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipment, trade receivables, inventory and other operating assets. Segment liabilities primarily include trade payable and other liabilities. Common assets and liabilities which cannot be allocated to any of the business segments are shown as unallocable assets / liabilities.

**Inter Segment transfer:** Inter Segment revenues are recognised at sales price. The same is based on market price and business risks. Profit or loss on inter segment transfer are eliminated at the Company level.

Summary of segment information is given below:

**Note 46.1: Financial information about the primary business segment's Revenue & Results :** (₹ Crores)

|                        | Fertilizers     |          | Chemicals       |          | Others       |         | Total            |          |
|------------------------|-----------------|----------|-----------------|----------|--------------|---------|------------------|----------|
|                        | 2022-23         | 2021-22  | 2022-23         | 2021-22  | 2022-23      | 2021-22 | 2022-23          | 2021-22  |
| <b>A REVENUE:</b>      |                 |          |                 |          |              |         |                  |          |
| External sales revenue | <b>3,654.55</b> | 2,451.72 | <b>6,483.69</b> | 6,102.31 | <b>88.69</b> | 88.26   | <b>10,226.93</b> | 8,642.29 |
| Intersegment revenue   | -               | -        | -               | -        | -            | -       | -                | -        |
| <b>Total Revenue</b>   | <b>3,654.55</b> | 2,451.72 | <b>6,483.69</b> | 6,102.31 | <b>88.69</b> | 88.26   | <b>10,226.93</b> | 8,642.29 |
| <b>B RESULT:</b>       |                 |          |                 |          |              |         |                  |          |
| Segment result         | <b>(161.10)</b> | (91.88)  | <b>1,848.99</b> | 2,263.01 | <b>28.12</b> | 24.66   | <b>1,716.01</b>  | 2,195.79 |
| Unallocable income     |                 |          |                 |          |              |         | <b>268.97</b>    | 131.49   |
| Unallocable expenses   |                 |          |                 |          |              |         | <b>(48.17)</b>   | (25.77)  |
| Operating profit       |                 |          |                 |          |              |         | <b>1,936.81</b>  | 2,301.51 |
| Finance costs          |                 |          |                 |          |              |         | <b>(5.26)</b>    | (3.46)   |
| Profit before tax      |                 |          |                 |          |              |         | <b>1,931.55</b>  | 2,298.05 |

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

##### Note 46.2: Financial information about the primary business segment's assets and liabilities : (₹ Crores)

| Assets & Liabilities   | Fertilizers As at |               | Chemicals As at |                 | Others As at |              | Total As at     |                 |
|--|-------------------|---------------|-----------------|-----------------|--------------|--------------|-----------------|-----------------|
|  | 31-03-2023        | 31-03-2022    | 31-03-2023      | 31-03-2022      | 31-03-2023   | 31-03-2022   | 31-03-2023      | 31-03-2022      |
| Segment assets   | 1,747.68          | 2,043.87      | 2,687.13        | 2,630.80        | 141.56       | 291.50       | 4,576.37        | 4,966.17        |
| Segment liabilities  | (1,273.42)        | (1,268.35)    | (720.40)        | (590.74)        | (109.59)     | (245.55)     | (2,103.41)      | (2,104.64)      |
| Other unallocable corporate assets                           | -                 | -             | -               | -               | -            | -            | 7,119.16        | 5,768.22        |
| Other unallocable corporate liabilities                      | -                 | -             | -               | -               | -            | -            | (487.01)        | (639.72)        |
| <b>Total capital employed</b>                                | <b>474.26</b>     | <b>775.52</b> | <b>1,966.73</b> | <b>2,040.06</b> | <b>31.97</b> | <b>45.95</b> | <b>9,105.11</b> | <b>7,990.03</b> |
| <b>Capital assets/ expenditure incurred during the year:</b> |                   |               |                 |                 |              |              |                 |                 |
| Capital assets including capital work in progress            | 22.63             | 15.92         | 99.42           | 97.32           | 2.84         | 0.62         | 124.89          | 113.86          |
| Other unallocable capital expenditures                       | -                 | -             | -               | -               | -            | -            | 31.28           | 13.17           |
| <b>Total</b>   | <b>22.63</b>      | <b>15.92</b>  | <b>99.42</b>    | <b>97.32</b>    | <b>2.84</b>  | <b>0.62</b>  | <b>156.17</b>   | <b>127.03</b>   |

##### Note 47 : Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below.

(₹ Crores)

| Particulars  | FVTOCI Reserve            |                           | Retained Earnings         |                           | Total                     |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|  | Year Ended March 31, 2023 | Year Ended March 31, 2022 | Year Ended March 31, 2023 | Year Ended March 31, 2022 | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
| Re-measurement gain on defined benefit plans (net of tax)      | -                         | -                         | (68.79)                   | 14.79                     | (68.79)                   | 14.79                     |
| Net (loss) / gain on FVTOCI on equity Investments (net of tax) | (132.25)                  | 320.97                    | -                         | -                         | (132.25)                  | 320.97                    |
|  | <b>(132.25)</b>           | <b>320.97</b>             | <b>(68.79)</b>            | <b>14.79</b>              | <b>(201.04)</b>           | <b>335.76</b>             |

##### Note 48 : Details of hedged and unhedged exposure in foreign currency (FC) denominated monetary items :

###### (a) Exposure in foreign currency - Hedged

###### (i) Amounts Payable in Foreign Currency :

| Particulars                  | As at March 31, 2023 |                 | As at March 31, 2022 |                 |
|------------------------------|----------------------|-----------------|----------------------|-----------------|
|                              | ₹ Crores             | Amount in FC    | ₹ Crores             | Amount in FC    |
| Payables for import *        | 162.82               | USD 1,96,23,900 | 130.19               | USD 1,72,12,000 |
| Payables for future import * | 1.33                 | USD 1,61,000    | 9.29                 | USD 12,12,000   |
| Payables for future import * | 6.95                 | Euro 7,58,000   | 2.35                 | Euro 2,74,000   |

\* The above payable amounts are hedged against Forward exchange Contracts.

###### (ii) Amounts receivable in foreign currency :

| Particulars                      | As at March 31, 2023 |              | As at March 31, 2022 |              |
|----------------------------------|----------------------|--------------|----------------------|--------------|
|                                  | ₹ Crores             | Amount in FC | ₹ Crores             | Amount in FC |
| Cash and cash equivalents (EEFC) | 0.32                 | USD 38,837   | 1.29                 | USD 1,71,188 |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**(b) Exposure in foreign currency - Unhedged**
**(i) Amounts payable in foreign currency :**

| Particulars         | As at March 31, 2023 |               | As at March 31, 2022 |               |
|---------------------|----------------------|---------------|----------------------|---------------|
|                     | ₹ Crores             | Amount in FC  | ₹ Crores             | Amount in FC  |
| Payables for Import | 0.90                 | Euro 99,161   | 6.34                 | Euro 7,41,560 |
| Payables for Import | 13.16                | USD 15,91,206 | 8.95                 | USD 11,73,763 |
| Payables for Import | 0.28                 | GBP 27,540    | 0.28                 | GBP 27,540    |
| Payables for Import | -                    | CHF -         | - *                  | CHF 217       |
| Payables for Import | -                    | AUD -         | 0.04                 | AUD 6,500     |

\* Amount nullified on conversion to ₹ crores

**(ii) Amounts receivable in foreign currency :**

| Particulars            | As at March 31, 2023 |              | As at March 31, 2022 |              |
|------------------------|----------------------|--------------|----------------------|--------------|
|                        | ₹ Crores             | Amount in FC | ₹ Crores             | Amount in FC |
| Receivables for export | 0.33                 | USD 39,900   | 0.92                 | USD 1,22,100 |

The following significant exchange rates have been applied during the year:

| INR    | Year end spot rate |                  |
|--------|--------------------|------------------|
|        | March 31, 2023     | March 31, 2022   |
| USD 1  | Import - ₹ 82.69   | Import - ₹ 76.27 |
|        | Export - ₹ 82.34   | Export - ₹ 75.29 |
| EURO 1 | ₹ 90.59            | ₹ 85.53          |
| GBP 1  | ₹ 102.59           | ₹ 100.12         |
| CHF 1  | N.A                | ₹ 82.84          |
| AUD 1  | N.A                | ₹ 57.37          |

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Note 49 : Financial Instruments, Fair Value Measurements, Financial Risk and Capital Management :

#### 49.1 : Category-wise classification of financial instruments:

(₹ Crores)

| Particulars   | Refer Note | As at March 31, 2023                          |                                   |                 |                 |
|---|------------|---|-----------------------------------|-----------------|-----------------|
|   |            | Fair Value through other Comprehensive income | Fair Value through profit or loss | Amortised cost  | Carrying Value  |
| <b>Financial assets</b>   |            |   |                                   |                 |                 |
| Cash and cash equivalents   | 14         | -   | -                                 | 56.20           | 56.20           |
| Other bank balances   | 15         | -   | -                                 | 1,937.71        | 1,937.71        |
| Investments in equity shares (other than investment in subsidiary & associate entity) | 8          | 997.82  | -                                 | -               | 997.82          |
| Investments in unquoted equity shares of subsidiary entity and associate entity       | 8          | -   | -                                 | 100.00          | 100.00          |
| Investments in unquoted debentures, Govt Securities & State development Loans         | 8          | -   | 26.70                             | 2,080.67        | 2,107.37        |
| Trade receivables   | 11         | -   | -                                 | 367.44          | 367.44          |
| Loans and advances  | 9          | -   | 131.08                            | 800.00          | 931.08          |
| Other financial assets  | 10         | -   | -                                 | 230.68          | 230.68          |
| <b>Total</b>  |            | <b>997.82</b>                                 | <b>157.78</b>                     | <b>5,572.70</b> | <b>6,728.30</b> |
| <b>Financial liabilities</b>  |            |   |                                   |                 |                 |
| Borrowings  | 18         | -   | -                                 | 0.01            | 0.01            |
| Trade payables  | 20         | -   | -                                 | 577.71          | 577.71          |
| Derivatives instruments not designated as hedge                                       | 21         | -   | 1.14                              | -               | 1.14            |
| Lease liability   | 39         | -   | -                                 | 1.97            | 1.97            |
| Other financial liabilities   | 21         | -   | -                                 | 340.74          | 340.74          |
| <b>Total</b>  |            | <b>-</b>                                      | <b>1.14</b>                       | <b>920.43</b>   | <b>921.57</b>   |

(₹ Crores)

| Particulars   | Refer Note | As at March 31, 2022                          |                                   |                 |                 |
|---|------------|---|-----------------------------------|-----------------|-----------------|
|   |            | Fair Value through other Comprehensive income | Fair Value through profit or loss | Amortised cost  | Carrying Value  |
| <b>Financial assets</b>   |            |   |                                   |                 |                 |
| Cash and cash equivalents   | 14         | -   | -                                 | 72.71           | 72.71           |
| Other bank balances   | 15         | -   | -                                 | 1,109.23        | 1,109.23        |
| Investments in equity shares (other than investment in subsidiary & associate entity) | 8          | 1,155.70                                      | -                                 | -               | 1,155.70        |
| Investments in unquoted equity shares of subsidiary entity and associate entity       | 8          | -   | -                                 | 92.44           | 92.44           |
| Investments in unquoted debentures, Govt Securities & State development Loans         | 8          | -   | 64.81                             | -               | 64.81           |
| Trade receivables   | 11         | -   | -                                 | 625.10          | 625.10          |
| Loans and advances  | 9          | -   | 128.08                            | 2,400.00        | 2,528.08        |
| Other financial assets  | 10         | -   | -                                 | 182.21          | 182.21          |
| <b>Total</b>  |            | <b>1,155.70</b>                               | <b>192.89</b>                     | <b>4,481.69</b> | <b>5,830.28</b> |



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**(₹ Crores)**

| Particulars                                     | Refer Note | As at March 31, 2022                          |                                   |                 |                 |
|---|------------|---|-----------------------------------|-----------------|-----------------|
|   |            | Fair Value through other Comprehensive income | Fair Value through profit or loss | Amortised cost  | Carrying Value  |
| <b>Financial liabilities</b>                    |            |   |                                   |                 |                 |
| Borrowings                                      | 18         | -   | -                                 | 0.07            | 0.07            |
| Trade payables                                  | 20         | -   | -                                 | 647.78          | 647.78          |
| Lease Liability                                 | 39         | -   | -                                 | 1.70            | 1.70            |
| Derivatives instruments not designated as hedge | 21         | -   | 0.24                              | -               | 0.24            |
| Other financial liabilities                     | 21         | -   | -                                 | 421.71          | 421.71          |
| <b>Total</b>                                    |            | -   | <b>0.24</b>                       | <b>1,071.26</b> | <b>1,071.50</b> |

**49.2 : Fair value measurements:**
**a) Quantitative disclosures of fair value measurement hierarchy for financial assets and financial liabilities**

The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities:

**(₹ Crores)**

| Particulars  | As at March 31, 2023                     |   |   |                 | As at March 31, 2022                     |   |   |          |
|--|--|---|---|-----------------|--|---|---|----------|
|  | Significant observable inputs (Level 1*) | Significant observable inputs (Level 2) | Significant observable inputs (Level 3) | Total           | Significant observable inputs (Level 1*) | Significant observable inputs (Level 2) | Significant observable inputs (Level 3) | Total    |
| <b>Financial assets measured at fair value</b>   |  |   |   |                 |  |   |   |          |
| Investment in quoted equity investments measured at FVTOCI (refer Note 8)                    | <b>416.49</b>                            | -                                       | -                                       | <b>416.49</b>   | 499.98                                   | -                                       | -                                       | 499.98   |
| Investment in unquoted equity investments measured at FVTOCI (refer Note 8)                  | -  | -                                       | <b>581.33</b>                           | <b>581.33</b>   | -  | -                                       | 655.72                                  | 655.72   |
| Investments in unquoted debentures, Govt Securities & State development Loans (refer Note 8) | -  | -                                       | <b>26.70</b>                            | <b>26.70</b>    | -  | -                                       | 64.81                                   | 64.81    |
| Loans and advances (refer Note 9)  | -  | -                                       | <b>131.08</b>                           | <b>131.08</b>   | -  | -                                       | 128.08                                  | 128.08   |
| <b>Total</b>   | <b>416.49</b>                            | -                                       | <b>739.11</b>                           | <b>1,155.60</b> | 499.98                                   | -                                       | 848.61                                  | 1,348.59 |
| <b>Financial liabilities measured at fair value:</b>   |  |   |   |                 |  |   |   |          |
| Derivative instruments (refer Note 21)   | -  | <b>1.14</b>                             | -                                       | <b>1.14</b>     | -  | 0.24                                    | -                                       | 0.24     |
| <b>Total</b>   | -  | <b>1.14</b>                             | -                                       | <b>1.14</b>     | -  | 0.24                                    | -                                       | 0.24     |
| <b>Asset for which fair values are disclosed :</b>   |  |   |   |                 |  |   |   |          |
| Investment properties (refer Note 6)   | -  | -                                       | <b>111.55</b>                           | <b>111.55</b>   | -  | -                                       | 85.20                                   | 85.20    |

\*The fair value of the quoted equity investments are derived from quoted market prices in active market.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### b) Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2023 and March 31, 2022 are as shown below:

| Particulars  | Valuation Technique   | Significant unobservable input | Range (weighted average)   | Sensitivity of the input to fair value   |
|--|---|--------------------------------|--|--|
| FVTOCI assets in unquoted equity shares (Gujarat State Petroleum Corporation Limited)  | Market Approach - Comparable Companies - Multiple- ("CCM") Method | Gas marketing business         | 10% increase (decrease) in the Gas marketing business would result in increase / (decrease) in fair value as of March 31, 2023 : ₹ 1.46 crores (₹ 1.46 crores).<br>10% increase (decrease) in the Gas marketing business would result in increase / (decrease) in fair value as of March 31, 2022 : ₹ 1.39 crores (₹ 1.39 crores). |  |
| FVTOCI assets in unquoted equity shares (Gujarat Chemical Port Limited) (Formerly known as Gujarat Chemical Port Terminal Company Limited) | Market Approach - Comparable companies                            | Market Multiple Discount       | 31 March 2023 : 25% - 35% (30%)<br>31 March 2022 : 25% - 35% (30%)   | 5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2023 : ₹ 44.70 crores (₹ 44.89 crores)<br>{5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2022 : ₹ 42.68 crores (₹ 43.41 crores)}   |
|  |   | EBITDA (₹ Crores)              | 31 March 2023 : ₹ 355.60 crores - ₹ 393.04 crores (₹ 374.32 crores)<br>31 March 2022 : ₹ 341.98 crores - ₹ 377.98 crores (₹ 359.98 crores)   | ₹ 18.72 crores increase / decrease in the EBITDA would result in increase / (decrease) in fair value as of March 31, 2023 : ₹ 22.44 crores (₹ 22.26 crores)<br>{₹ 18 crores increase / decrease in the EBITDA would result in increase / (decrease) in fair value as of March 31, 2022 : ₹ 26.31 crores (₹ 25.39 crores)}                  |
| FVTOCI assets in unquoted equity shares (Gujarat Venture Finance Limited)  | Cost Approach - Net asset value                                   | Share holders fund (₹ Crores)  | 31 March 2023 : ₹ 32.11 crores - ₹ 35.49 crores (₹ 33.80 crores)<br>31 March 2022 : ₹ 36.20 crores - ₹ 40.00 crores (₹ 38.10 crores)   | ₹ 1.69 crores increase / decrease in the shareholders fund would result in increase / (decrease) in fair value as of March 31, 2023 by ₹ 0.02 crore (₹ 0.02 crore)<br>{₹ 1.90 crores increase / decrease in the shareholders fund would result in increase / (decrease) in fair value as of March 31, 2022 by ₹ 0.03 crore (₹ 0.03 crore)} |
|  |   | Discount to Book Value         | 31 March 2023 : 15% - 25% (20%)<br>31 March 2022 : 15% - 25% (20%)   | 5% increase / decrease in the discount to book value would result in decrease / (increase) in fair value as of March 31, 2023 : ₹ 0.03 crore (₹ 0.03 crore).<br>{5% increase / decrease in the discount to book value would result in decrease / (increase) in fair value as of March 31, 2022 : ₹ 0.03 crore (₹ 0.04 crore)}              |
| FVTOCI assets in unquoted equity shares (Bharuch Enviro Infrastructure Limited)  | Market Approach - Comparable companies                            | Market Multiple Discount       | 31 March 2023 : 25% - 35% (30%)<br>31 March 2022 : 25% - 35% (30%)   | 5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2023 : ₹ 0.61 crore (₹ 0.61 crore)<br>{5% increase / decrease in the market multiple discount would result in decrease / (increase) in fair value as of March 31, 2022 : ₹ 0.54 crore (₹ 0.50 crore)}           |
|  |   | EBITDA (₹ Crores)              | 31 March 2023 : ₹ 109.06 crores - ₹ 120.54 crores (₹ 114.80 crores)<br>31 March 2022 : N.A.  | ₹ 5.74 crores increase / decrease in the EBITDA would result in increase / (decrease) in fair value as of March 31, 2023 : ₹ 0.43 crore (₹ 0.43 crore)<br>{ As on March 31, 2022 this unobservable input was not considered for sensitivity analysis.}   |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

| Particulars   | Valuation Technique   | Significant unobservable input | Range (weighted average)   | Sensitivity of the input to fair value   |
|---|---|--------------------------------|--|--|
|   |   | Consolidated PAT (₹ Crores)    | 31 March 2023 : N.A.<br>31 March 2022 : ₹ 67.50 crores - ₹ 74.70 crores (₹ 71.10 crores)   | As on March 31, 2023 this unobservable input is not considered for sensitivity analysis<br>{₹ 3.60 crores increase / decrease in the consolidated PAT would result in increase / (decrease) in fair value as of March 31, 2022 : ₹ 0.36 crore (₹ 0.37 crore)}  |
| FVTOCI assets in unquoted equity shares (Bharuch Dahej Railway Company Limited) | Cost Approach - Net asset value   | Discount to Book Value         | 31 March 2023 : 30% - 40% (35%)<br>31 March 2022 : 20% - 30% (25%)   | 5% increase / decrease in the discount to book value would result in decrease / (increase) in fair value as of March 31, 2023 : ₹ 1.19 crores (₹ 1.19 crores)<br>{5% increase / decrease in the discount to book value would result in decrease / (increase) in fair value as of March 31, 2022 : ₹ 0.15 crore (₹ 0.99 crore)}                 |
|   |   | Share holders fund (₹ Crores)  | 31 March 2023 : ₹ 259.54 crores - ₹ 286.86 crores (₹ 273.20 crores)<br>31 March 2022 : ₹ 163.30 crores - ₹ 180.50 crores (₹ 171.90 crores) | ₹ 13.66 crores increase / decrease in the shareholders fund would result in increase / (decrease) in fair value as of March 31, 2023 by ₹ 0.77 crore (₹ 0.77 crore).<br>{₹ 8.60 crores increase / decrease in the shareholders fund would result in increase / (decrease) in fair value as of March 31, 2022 by ₹ 1.16 crores (₹ 0.32 crore)}. |
| FVTOCI assets in unquoted equity shares (Ecophos GNFC India Private Limited)    | As on March 31, 2020, the parent Company M/s EcoPhos S.A. holding 85% in the entity has applied for bankruptcy hence the Company has Fair valued the investment as ₹ 1 (Refer Note 8). During the year there is no change in bankruptcy status. |                                |  |  |

**c) Financial Instrument measured at amortised cost**

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

**49.3 : Financial Risk objective and policies:**

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, deposits, investments, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTOCI & FVTPL investments and enters into derivative transactions.

In the ordinary course of business, the Company is mainly exposed to risks resulting from exchange rate fluctuation (currency risk), interest rate movements (interest rate risk) collectively referred as Market Risk, Credit Risk, Liquidity Risk and other price risks such as equity price risk and commodity price risk. The Company's senior management oversees the management of these risks. It manages its exposure to these risks through derivative financial instruments by hedging transactions as required. It uses derivative instruments such as foreign currency forward contract to manage currency risks. These derivative instruments reduce the impact of both favourable and unfavourable fluctuations.

The Company's risk management activities are subject to the management, direction and control of the management of the Company under the guideline of the Board of Directors of the Company. The management ensures appropriate financial risk governance framework for the Company through appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The decision of whether and when to execute derivative financial instruments along with its tenure can vary from period to period depending on market conditions and the relative costs of the instruments. The tenure is linked to the timing of the underlying

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

exposure, with the connection between the two being regularly monitored. The Company is exposed to losses in the event of non-performance by the counterparties to the derivative contracts. All derivative contracts are executed with counterparties that, in management's judgment, are creditworthy. The outstanding derivatives are reviewed periodically to ensure that there is no inappropriate concentration of outstanding to any particular counterparty.

Further, all currency and interest risk as identified above is measured on a daily basis by monitoring the mark to market (MTM) of open and hedged position. For year ends, the MTM for each derivative instrument outstanding is obtained from respective banks. All gain / loss arising from MTM for open derivative contracts and gain / loss on settlement / cancellation / roll over of derivative contracts is recorded in statement of profit and loss.

#### a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, FVTOCI investments and derivative financial instruments. The sensitivity analysis in the following sections relate to the position as at March 31, 2023 and March 31, 2022.

The sensitivity analysis have been prepared on the basis that the amount of net debt, interest rates of the debt and derivatives are all constant as at March 31, 2023. The analysis exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analysis: -

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2023 and March 31, 2022.

#### (i) Interest rate risk

The Company is exposed to changes in market interest rates due to financing, investing and cash management activities. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations.

#### (ii) Foreign currency risk

Exchange rate movements, particularly the United States Dollar (USD) and Euro (EUR) against Indian Rupee (INR), have an impact on the Company's operating results. The Company manages its foreign currency risk by entering into various foreign exchange contracts to mitigate the risk arising out of foreign exchange rate movement on trade payables. Further, to hedge foreign currency future transactions in respect of which firm commitment are made or which are highly probable forecast transactions (for instance, foreign exchange denominated income) the Company has entered into foreign currency forward contracts as per the policy of the Company.

The details of exposures hedged using forward contracts and the details of unhedged exposures are given as part of Note 49. The Company is mainly exposed to changes in USD and EURO. The below table demonstrates the sensitivity to a 5% increase or decrease in the respective foreign currency rates against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

(₹ Crores)

| Particulars                    | Impact on Profit before tax<br>For the year ended |                | Impact on Pre-tax Equity<br>For the year ended |                |
|--------------------------------|---|----------------|--|----------------|
|                                | March 31, 2023                                    | March 31, 2022 | March 31, 2023                                 | March 31, 2022 |
| <b>USD Sensitivity</b>         |   |                |  |                |
| RUPEES / USD – Increase by 5%  | (0.65)  | (0.40)         | (0.65)   | (0.40)         |
| RUPEES / USD – Decrease by 5%  | 0.65  | 0.40           | 0.65   | 0.40           |
| <b>EURO Sensitivity</b>        |   |                |  |                |
| RUPEES / EURO – Increase by 5% | (0.05)  | (0.32)         | (0.05)   | (0.32)         |
| RUPEES / EURO – Decrease by 5% | 0.05  | 0.32           | 0.05   | 0.32           |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023****(iii) Commodity price risk**

The Company's operating activities require the ongoing purchase of natural gas. Natural gas being an international commodity is subject to price fluctuation on account of the change in the crude oil prices, demand supply pattern of natural gas and exchange rate fluctuations. The Company is not affected by the price volatility of the natural gas to the extent consumed for Urea as under the Urea pricing formula the cost of natural gas is pass through if the consumption of natural gas is within the permissible norm for manufacturing of Urea.

The Company also deals in purchase of other feed stock materials (i.e. Rock phosphate, Toluene and Denatured Ethyl Alcohol) which are imported by the Company and used in the manufacturing of Ammonium Nitro Phosphate, Toluene Di-isocyanate and Ethyl Acetate. The import prices of these materials are governed by international demand and supply pattern. There is a price and material availability risk, which is managed by senior management team through sensitivity analysis, commodity price tracking.

**(iv) Equity price risk**

The Company's investment in listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 581.33 crores. Sensitivity analyses of these investments have been provided in Note 50.2(b).

At the reporting date, the exposure to listed equity securities at fair value was ₹ 416.49 crores. A decrease of 5% on the BSE market price could have an impact of approximately ₹ 20.82 crores on the OCI or equity attributable to the Group. An increase of 5% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

**b) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and other financial assets) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive evaluation and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data.

Credit risk from balances with banks and non-banking finance companies is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's management. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**Trade receivables**

The Company's receivables can be classified into two categories, one is from the customers/ dealers in the market and second one is from the central and state Government in the form of subsidy. As far as Government portion of receivables is concerned, credit risk is Nil except where there are uncertainties due to non-acknowledgement of claims. In respect of market receivables from the customers/ dealers, the Company extends credit to customers in normal course of business.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

The Company considers factors such as credit track record in the market and past dealings for extensions of credit to customers. The Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as for certain products it extends rolling credit to its customers, against the collateral.

Trade receivables, other than subsidy receivables are secured to the extent of interest free security deposits and bank guarantees received from the customers amounting to ₹ 19.78 cores and ₹ 18.61 cores as at 31st March, 2023 and 31st March, 2022 respectively. (Refer Note No. 11 for Trade Receivables outstanding).

The Company follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables, other than those receivables from the Government of India. For the purpose of measuring lifetime ECL allowance for trade receivables, the company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience in respect of certain categories of the customers. Individual trade receivables are written off when management deems them not to be collectible

#### c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and bank balances. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyses derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| Particulars                                     | Refer Note | On Demand   | Maturity Groupings |              |              | Total           |
|---|------------|-------------|--------------------|--------------|--------------|-----------------|
|   |            |             | Less than 1 year   | 1 to 5 years | Over 5 years |                 |
| <b>(₹ Crores)</b>                               |            |             |                    |              |              |                 |
| <b>As at March 31, 2023</b>                     |            |             |                    |              |              |                 |
| Borrowings                                      | 19         | 0.01        | -                  | -            | -            | 0.01            |
| Trade payables                                  | 20         | -           | 577.71             | -            | -            | 577.71          |
| Lease liability                                 | 39         | -           | 0.82               | 0.98         | 0.17         | 1.97            |
| Derivatives Instruments not designated as hedge | 21         | -           | 1.14               | -            | -            | 1.14            |
| Other financial liabilities                     | 21         | -           | 335.74             | 5.00         | -            | 340.74          |
| <b>Total</b>                                    |            | <b>0.01</b> | <b>915.41</b>      | <b>5.98</b>  | <b>0.17</b>  | <b>921.57</b>   |
| <b>As at March 31, 2022</b>                     |            |             |                    |              |              |                 |
| Borrowings                                      | 19         | 0.07        | -                  | -            | -            | 0.07            |
| Trade payables                                  | 20         | -           | 647.78             | -            | -            | 647.78          |
| Lease liability                                 | 39         | -           | 0.73               | 0.80         | 0.17         | 1.70            |
| Derivatives Instruments not designated as hedge | 21         | -           | 0.24               | -            | -            | 0.24            |
| Other financial liabilities                     | 21         | -           | 416.59             | 5.12         | -            | 421.71          |
| <b>Total</b>                                    |            | <b>0.07</b> | <b>1,065.34</b>    | <b>5.92</b>  | <b>0.17</b>  | <b>1,071.50</b> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**
**49.4 : Capital Management:**

For the purposes of the Company's capital management, capital includes issued capital and all other equity. The primary objective of the Company's capital management is to maximize shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using gearing ratio, which is net debt (total debt less cash and bank balance) divided by total capital plus net debt.

| Particulars   | (₹ Crores)                   |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
| Total Borrowings (refer note 19)                    | 0.01                         | 0.07                         |
| Less: Cash and bank balances (refer Note 14 and 15) | 1,993.91                     | 1,181.94                     |
| <b>Net Debt (A)</b>                                 | <b>(1,993.90)</b>            | <b>(1,181.87)</b>            |
| <b>Total Equity (B)</b>                             | <b>9,105.11</b>              | <b>7,990.03</b>              |
| <b>Total Equity and Net Debt (C = A + B)</b>        | <b>7,111.21</b>              | <b>6,808.16</b>              |
| <b>Gearing ratio</b>                                | -                            | -                            |

Since net debt is negative, same is considered as zero.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023 and March 31, 2022.

**Note 50 : Additional disclosures required as per Schedule III to the Companies Act, 2013;**

- (i) The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended March 31, 2023 and March 31, 2022.
- (ii) No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, as at March 31, 2023 and March 31, 2022.
- (iii) The Company is not a declared wilful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended March 31, 2023 and March 31, 2022.
- (iv) The Company did not have any material transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the year ended March 31, 2023 and March 31, 2022.
- (v) There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended March 31, 2023 and March 31, 2022, in the tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of account during the year ended March 31, 2023 and 31 March 31, 2022.
- (vi) The Company has taken borrowings from banks and financial institutions and utilised them for the specific purpose for which they were taken as at the Balance sheet date. Quarterly statements of current assets filed by the Company with Bank are in agreement with the books of accounts of the Company for the respective periods, except for the following :

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### CONSOLIDATED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ Crores)

| Quarter ended      | Nature of current Assets / Liabilities where differences were observed | Amount disclosed as per quarterly return / statement | Amount as per books of accounts | Amount of Difference | Reasons for material difference |
|--------------------|--|--|---------------------------------|----------------------|---------------------------------|
| June 30, 2022      | Trade receivables  | 832.60   | 846.03                          | (13.43)              | Note - 1                        |
|                    | Advances to suppliers  | 57.68  | 56.04                           | 1.64                 | Note - 2                        |
|                    | Trade payable  | 298.15   | 325.85                          | (27.70)              | Note - 3                        |
| September 30, 2022 | Advances to suppliers  | 61.65  | 85.00                           | (23.35)              | Note - 2 & 4                    |
|                    | Trade payable  | 687.06   | 774.27                          | (87.21)              | Note - 5                        |
| December 31, 2022  | Inventory - raw material   | 348.58   | 345.55                          | 3.03                 | Note - 6                        |
|                    | Inventory - stores & spares  | 666.44   | 682.24                          | (15.80)              | Note - 7                        |
|                    | Inventory - finished goods   | 164.38   | 165.24                          | (0.86)               | Note - 8                        |
|                    | Advances to suppliers  | 58.01  | 77.31                           | (19.30)              | Note - 2 & 4                    |
|                    | Trade payable  | 645.12   | 694.28                          | (49.16)              | Note - 5                        |
| March 31, 2023     | Trade receivables  | 408.63   | 367.44                          | 41.19                | Note - 1                        |
|                    | Advances to suppliers  | 71.07  | 75.86                           | (4.79)               | Note - 2 & 5                    |
|                    | Trade payable  | 525.27   | 577.71                          | (52.44)              | Note - 5                        |

#### Notes:

Note-1 : Revision in subsidy receivable as a subsequent event, on receipt of actual data after submission of stock statement to bank.

Note-2 : The amount disclosed as per quarterly returns / statements reconciles with gross book balance without adjustment of provision

Note-3 : Accrued expenses / reclassification adjustments and revision in Gas pool liability after submission of stock statement not considered in returns / statements submitted to bank.

Note-4 : Provision amount wrongly deducted twice in stock statement.

Note-5 : Accrued expenses / reclassification adjustments not considered in returns / statements submitted to bank.

Note-6 : Reclassification adjustments not considered in returns / statements submitted to bank.

Note-7 : Reclassification adjustments and Correction in catalyst consumption after submission of stock statement.

Note-8 : Inventory valuation impact was recognised subsequent to submission of return / statement to bank, hence not considered in returns / statements submitted to bank.

**(vii)** Based on the Ministry of Company Affairs (MCA) portal, charges aggregating to ₹ 14.15 crores are appearing as "Open" as of March 31, 2023 which were executed with Banks (the lender) in relation to securing repayment of loan facility related to year 1985 to 1990. The Company is in process to obtain the No Objection Certificates from the Banks. Once the same is received, the Company will file the "Satisfaction of Charge" with the Registrar of Companies (ROC).

#### **(viii) Utilisation of borrowed funds and share premium**

(I) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

(II) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

**Note 51 : Code on Social Security**

The Indian Parliament has approved & the President has accorded the assent the Code on Social Security, 2020 ('Code') in September, 2020. The Code might impact the contributions by the Company towards Provident Fund, Gratuity and other employment and post-employment employee benefits. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record the impact, if any, in the period in which the Code becomes effective.

**Note 52 :**

Balances of certain trade receivables, advances given and trade payables are subject to confirmation/ reconciliation, if any. The management does not expect any material difference affecting the financial statements on such reconciliation / adjustments.

**Note 53 : Event occurred after the Balance Sheet Date:**

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of May 18, 2023 there were no material subsequent events to be recognized or reported that are not already previously disclosed.

**Note 54 :**

The previous year's figures have been regrouped / reclassified, wherever necessary, to conform to the figures of the current year presentation.

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

**D. V. Parikh**  
Executive Director & CFO

**A. C. Shah**  
Company Secretary

**Pankaj Joshi, IAS**  
Managing Director  
DIN-01532892

**Vipul Mittra, IAS**  
Chairman  
DIN-03108280

Place : Gandhinagar  
Date : 18 May 2023

Place : Mumbai  
Date : 18 May 2023

AS PER OUR REPORT OF EVEN DATE  
For **Suresh Surana & Associates LLP**  
Chartered Accountants  
(Firm Registration No.: 121750W/W-100010)

**Ramesh Gupta**  
Partner  
Membership No. 102306

### ANNEXURE TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### PART "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the companies Act, 2013 related to Associate Company and Joint Ventures

|   | Name of Associates  | Gujarat Green Revolution Company Limited   |
|---|---|--|
| 1 | Latest audited Balance Sheet Date   | 31-03-2022                                 |
| 2 | Shares of Associates held by the Company on the year end  |  |
|   | No.   | 12,50,000                                  |
|   | Amount of Investment in Associates (₹ lakhs)  | 125  |
|   | Extent of Holding %   | 46.87%                                     |
| 3 | Description of how there is significant influence   | Holding more than 20% of the total capital |
| 4 | Reason why the Associate is not consolidated  | Not Applicable                             |
| 5 | (i) Networth attributable to shareholding as per latest audited Balance Sheet as on 31-03-2022 (₹ lakhs)      | 19,723                                     |
|   | (ii) Networth attributable to shareholding as per latest unaudited Balance Sheet as on 31-03-2021 (₹ in lakh) | 21,336                                     |
| 6 | Audited Profit / (Loss) for the FY 2022-23 (₹ lakhs)  | 1,640                                      |
|   | i. Considered in Consolidation (₹ lakhs)  | 769  |
|   | ii. Not Considered in Consolidation (₹ lakhs)   | -  |

|   |  |      |
|---|--|------|
| 1 | Name of Associates which are yet to commence Operation                 | None |
| 2 | Names of Associates which have been liquidated or sold during the year | None |

For and on behalf of the Board of Directors,

**D. V. Parikh**  
Executive Director & CFO

**A. C. Shah**  
Company Secretary

**Pankaj Joshi, IAS**  
Managing Director  
DIN-01532892

**Vipul Mittra, IAS**  
Chairman  
DIN-03108280

Place : Gandhinagar  
Date : 18 May 2023



**Gujarat Narmada Valley Fertilizers & Chemicals Limited**

ISO 9001, ISO 14001, ISO 45001 & ISO 50001 Certified Company

P.O. Narmadanagar – 392 015, Dist. Bharuch, Gujarat, INDIA.

Ph.: (02642) 247001, 247002

Fax: (02642) 247084

CIN: L24110GJ1976PLC002903

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