Gujarat Narmada Valley Fertilizers & Chemicals Limited
CIN : L24110GJ1976PLC002903

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

P. O. Narmadanagar - 392 015, Dist. Bharuch, Gujarat, India
Ph (02642) 247001, 247002 **Websites** www.gnfc.in

No. SEC/BD/SE/
27th August, 2021

FAX NO. 02642 - 247084
E-mail : acshah@gnfc.in

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

Scrip Code - BSE - "500670"

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 - NSE - "GNFC EQ"

Sub.: Annual Report together with Notice of 45th Annual General Meeting of the Company for the Financial Year 2020-21 Compliance under Regulation 30 & 34 of SEBI (LODR) Regulations, 2015.

Dear Sir,

Pursuant to Regulation 30 read with Para A of PART-A of Schedule-III & Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we attach herewith the Annual Report for the Financial Year 2020-21 of the Company together with Notice of 45th Annual General Meeting, scheduled to be held on Thursday, the 23rd September, 2021, through Video Conferencing (VC) / Other Audio Visual Means (OAVM). The deemed venue for the 45th Annual General Meeting will be the Registered Office of the Company at P.O. Narmadanagar – 392 015, District: Bharuch.

The Annual Report together with Notice is also available on the website of the Company www.gnfc.in.

A copy of 45th Annual Report is being emailed to all the Shareholders of the Company whose email ids are registered with the Company or Depository Participants

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

Thanking you,

Yours faithfully,
For GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LTD.

CS A C SHAH
COMPANY SECRETARY & GM (LEGAL)

GNFC
Chemicals • Fertilizers • IT

GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED

45th

Annual Report

2020 - 2021

CORPORATE INFORMATION

BOARD OF DIRECTORS

(As on 14-08-2021)

Shri Anil Mukim, IAS, Chairman
Shri Mukesh Puri, IAS
Smt. Gauri Kumar, IAS (Retd.)
Smt. Mamta Verma, IAS
Prof. Ranjan Kumar Ghosh
Shri Sunil Parekh
Shri Piruz Khambatta
Shri Pankaj Joshi, IAS, Managing Director

GNFC

Statutory Auditors

M/s SRBC & Co. LLP.
Chartered Accountants
Ahmedabad

Secretarial Auditors

Shri Shalin Patel
Practicing Company Secretary
Vadodara

Cost Auditors

M/s Dalwadi & Associates
Ahmedabad

Company Secretary & General Manager (Legal)

Shri A. C. Shah

Chief Financial Officer & General Manager

Shri D. V. Parikh

Registered Office

P.O. Narmadanagar - 392 015
Dist. Bharuch, Gujarat, INDIA
Website : www.gnfc.in

45th ANNUAL GENERAL MEETING

Date : 23rd Sptember, 2021
Day : Thursday
Time : 3:00 PM
Venue : The Company is conducting Meeting through VC / OAVM pursuant to the MCA Circulars.

The deemed venue for the 45th AGM will be the Registered Office of the Company, at P.O. Narmadanagar - 392 015, District: Bharuch.

CONTENTS

TEN YEARS STANDALONE FINANCIALS AT A GLANCE

₹ Crore, except per share data

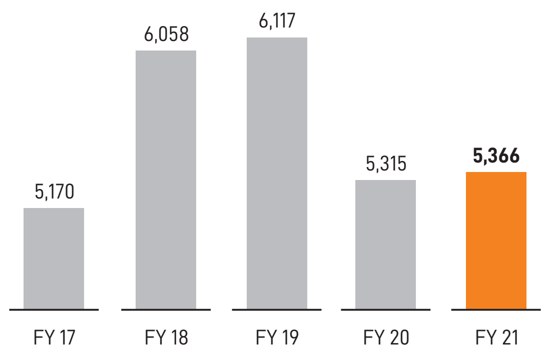
Particulars	FY 21	FY 20	FY 19	FY 18	FY 17	FY 16	FY 15	FY 14	FY 13	FY 12
KEY PROFIT AND LOSS ITEMS										
Total Revenue	5,366	5,315	6,117	6,058	5,170	5,098	4,988	5,196	4,527	4,062
EBITDA *	1,003	542	868	1,391	653	548	309	616	593	551
Finance Cost	20	5	6	100	203	297	275	92	63	34
Depreciation & amortization	272	264	263	270	251	251	209	145	149	131
Profit Before Tax	948	425	819	1,162	715	268	(452)	424	422	417
Tax	259	(74)	78	372	194	95	–	132	149	133
Profit After Tax	689	499	741	790	521	173	(452)	292	273	284
Total Comprehensive Income	839	357	680	750	561	162	–	–	–	–
KEY BALANCE SHEET ITEMS										
Fixed Assets (Net Block)	3,881	3,892	3,984	4,175	4,457	4,395	4,581	4,897	4,560	3,472
Investments	853	596	829	681	762	709	712	132	130	98
Cash, Bank & Deposits	1,851	472	395	16	13	10	16	173	221	300
Total Equity	5,984	5,223	4,997	4,458	3,802	3,278	3,115	2,946	2,717	2,507
Total borrowings	2	859	208	303	1,959	3,101	3,832	3,904	3,196	1,990
Deferred tax liabilities (net)	391	316	467	479	387	296	208	336	236	221
PER SHARE DATA										
Earnings (EPS)	44	32	48	51	34	11	(29)	19	18	18
Dividend	8.00	5.00	7.00	7.50	5.00	2.00	–	3.50	3.50	3.50
Dividend (%)	80	50	70	75	50	20	–	35	35	35
Book Value	385	336	322	287	245	211	200	190	175	161

* EBITDA stands for earning before interest, tax, depreciation & amortization and it is calculated as PBT+Depreciation+Finance Cost-Other income

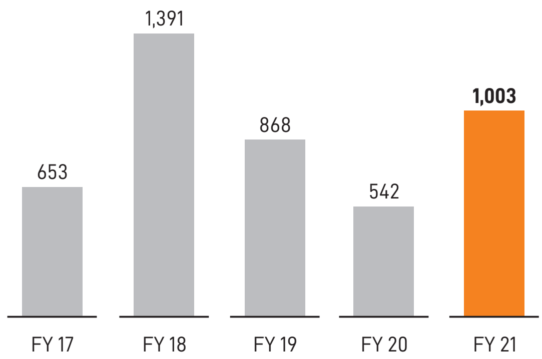
FINANCIAL TRENDS AND VALUE CREATION

₹ Crore, except per share data

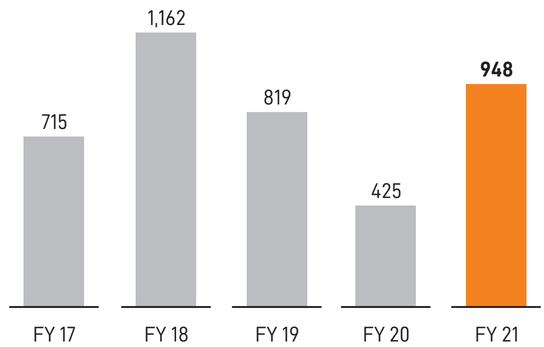
REVENUE



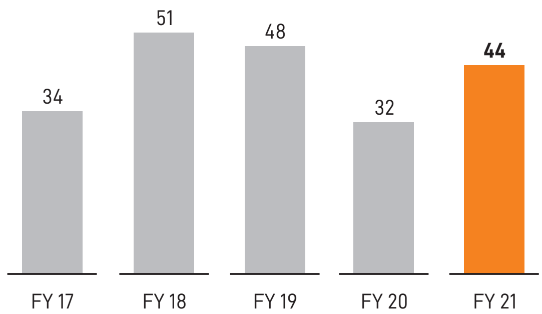
EBITDA



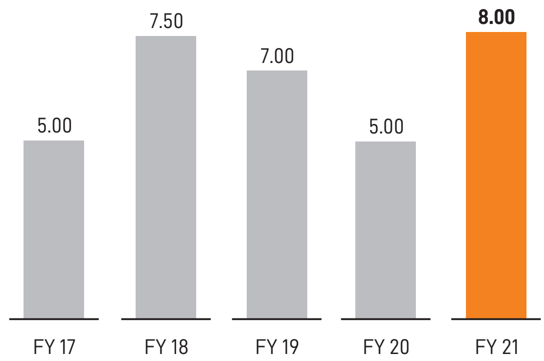
PROFIT BEFORE TAX



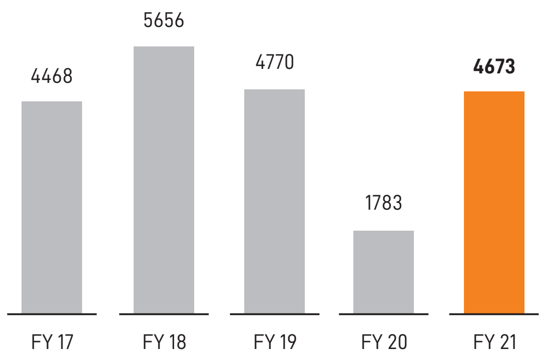
EARNINGS PER SHARE



DIVIDEND PER SHARE



MARKET CAPITALIZATION



NOTICE

NOTICE IS HEREBY given that the **45th Annual General Meeting (AGM) of the Members of Gujarat Narmada Valley Fertilizers & Chemicals Limited will be held at 3.00 PM on Thursday the 23rd September, 2021** 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 31st March, 2021 and the Reports of the Board of Directors and Auditors' thereon.

2. To declare Dividend on equity shares for the Financial Year ended 31st March, 2021.

3. To appoint a Director in place of Smt. Mamta Verma, IAS (DIN: 01854315), who retires by rotation and being eligible offer herself for re-appointment.

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

   "RESOLVED that, pursuant to the provisions of Sections 139,141,142 and other applicable provisions, if any, of the Companies Act, 2013, (the Act) read with the Companies (Audit and Auditors) Rule, 2014, (the Rules) (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendations of Audit Committee and the Board of Directors of the Company, M/s Suresh Surana & Associates LLP, Mumbai (Indian Member firm of RSM International) (Firm Registration No.121750W/W-100010), be and are hereby appointed as Statutory Auditors of the Company from the conclusion of this Meeting to hold such Office for a consecutive period of five years till the conclusion of 50th Annual General Meeting of the Company, upon such terms as to remuneration per annum plus certification fees, applicable taxes and reimbursement of reasonable out of pocket expenses actually incurred by them during the course of Audit, as may be determined by the Board of Directors, based on the recommendation of Audit Committee, in consultation with the Statutory Auditors, from time to time."

SPECIAL BUSINESS:

5. Appointment of Prof. Ranjan Kumar Ghosh (DIN: 08551618) as an Independent Director of the Company:

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

   "RESOLVED that pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and pursuant to the recommendation of the Board of Directors, Prof. Ranjan Kumar Ghosh (DIN: 08551618) who was appointed as an Additional Director (Independent Category) w.e.f 29th October, 2020 and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing his candidature for the Office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 3 (three) consecutive years up to 30th September, 2024 and that he shall not be liable to retire by rotation."

6. Appointment of Shri. Mukesh Puri, IAS (DIN: 03582870) as Director of the Company:

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

   "RESOLVED that pursuant to the provisions of Section 149, 152 and all other applicable provisions of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Shri Mukesh

Puri IAS (DIN: 03582870) who was appointed as Additional Director of the Company by the Board of Directors w.e.f 7th January, 2021 pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company (AoA) and who holds Office of Director up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act, proposing his candidature for the Office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. **Ratification of remuneration payable to Cost Auditors of the Company for the financial year 2021-22:**

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

"RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (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 ₹ 4,59,800/- (Rupees Four Lakhs Fifty Nine Thousand Eight Hundred only) plus statutory levies and reimbursement of out of pocket expenses payable to the Cost Auditors, M/s Dalwadi & Associates, Cost Accountants, (Firm Registration No. 000338), Ahmedabad for carrying out the audit of the cost records of the Company for financial year ending on 31st March, 2022, as recommended by the Audit Committee and approved by the Board of Directors, be and is hereby ratified."

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

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

CS A C SHAH
Company Secretary & General Manager (Legal)

Registered Office:
P.O.: Narmadanagar, Dist. Bharuch: 392 015.
CIN: L24110GJ1976PLC002903. Tele No.: (02642) 247001, 247002.
Fax No.: (02642) 247084.
Email: investor@gnfc.in
Website: www.gnfc.in
Dated: 14th August, 2021

NOTES:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') vide its Circular Nos. 14/2020 and 17/2020 dated April 8, 2020 and April 13, 2020 respectively, read with Circular Nos. 20/2020 dated May 5, 2020 and 02/2021 dated January 13, 2021 (collectively referred to as 'MCA Circulars'), and Securities and Exchange Board of India ('SEBI') vide its Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 (collectively referred to as 'SEBI Circulars'), have permitted the holding of Annual General Meeting through Video Conferencing ('VC') or Other Audio-Visual Means ('OAVM'), without the physical presence of the Members at a common venue. In accordance with the MCA Circulars and SEBI Circulars, the 45th AGM of the Company is being held through VC / OAVM on Thursday the 23rd September, 2021 at 3.00 PM (IST). The deemed venue for the 45th AGM will be 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 MCA circulars through VC/OAVM, the requirement of physical attendance of members has been dispensed with. Accordingly, in terms of the MCA 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 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 Companies Act, 2013, in respect of the Business under Item Nos.5 to 7 set out above is annexed hereto. The information required to be furnished under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) 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 Private Limited ("Kfintech"), the Registrar & Transfer Agents (RTA) of the Company, will be providing the facility for participation in the 45th AGM through VC/OAVM and e-voting during the 45th AGM. The procedure and instructions for participating in the 45th AGM through VC/OAVM and remote e-voting at the 45th AGM are provided as part of this Notice.

6. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 21st August, 2021 to Wednesday, the 25th August, 2021 (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 Circulars, the Annual Report 2020-21, the Notice of the 45th AGM, and instructions for e-voting are being sent through electronic mode to those members whose email addresses are registered with the Company / depository participant(s).

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 along with the copy of the signed request letter mentioning the name and address of the Member, self-attested copy of the 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 dematerialised mode are requested to register / update their email addresses with the relevant Depository Participants. In case of any queries / difficulties in registering the e-mail address, Members may also write to investor@gnfc.in.

iii) The Notice of AGM along with Annual Report for the financial year 2020-21, is available on the website of the Company at 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 Private 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 Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 (including amendments thereto) and Regulation 44 of the SEBI (LODR) Regulations, 2015, the Company is pleased to provide members, the facility to exercise their right to vote on resolutions proposed to be considered at the 45th AGM by electronic means through e-voting. The facility of casting the votes by the members using an electronic voting system for the 45th AGM ("remote e-voting/ e-voting") will be provided by Kfin Technologies Private Limited ("Kfintech").

ii) Pursuant to the MCA Circulars and SEBI Circulars, in view of the prevailing situation, the Notice of the 45th AGM and the Annual Report for the year 2020-21 (including therein the Audited Financial Statements for year 2020-21), are being sent only by email to the Members whose email addresses are registered with the Company / Depositories / RTA. Therefore, those shareholders who have not yet registered their email addresses are requested to get their email addresses registered with their DP or RTA 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:

Type of holder	Process to be followed	
	Registering email address	Updating bank account details
Physical Holding	Send a written request to the RTA of the Company, KFin Technologies Private 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), PAN (self-attested copy of 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 Private 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), PAN (self-attested copy of 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. The following additional details / documents need to be provided in case of updating bank account details: • Name and branch of the bank in which you wish to receive the dividend, the bank account type • Bank account number allotted by their banks after implementation of core banking solutions • 9-digit MICR Code Number • 11-digit IFSC
Demat Holding	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. In light of the MCA Circulars, shareholders who have not registered their email addresses and in consequence, the Notice & Annual Report could not be serviced, may temporarily get their email addresses registered with the Company's RTA- Kfintech, by clicking the link: https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx and follow the registration process. Post successful registration of the email address, the shareholder would get a soft copy of the Notice & Annual Report and the procedure for e-voting along with the User ID and Password to enable e-voting for the 45th AGM. If you are already registered with Kfintech for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

iv. 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 Depository Participants and in respect of physical holdings with the Company's RTA, Kfin Technologies Private Limited, Selenium, Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad-500 032, India, by following due procedure.

v. Those members who have already registered their email address are requested to keep their email addresses validated with their Depository Participants / the Company's RTA- Kfintech, to enable servicing of Notices / documents / Annual Reports and other communications electronically to their email address.

vi. The e-voting portal will open for voting on Monday, September 20, 2021 at 9:00 am and shall end on Wednesday, September 22, 2021 at 5:00 pm. inclusive of both days. During this period, the members of the Company holding shares either in physical form or dematerialised form, as on the cut-off date of Thursday, September, 16, 2021 may cast their vote electronically. The e-voting module will be disabled by Kfintech on Wednesday, September 22, 2021, post 5.00 P.M. (IST). Once vote on a resolution is cast by the member, members shall not be allowed to change it subsequently or cast the vote again.

vii. 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.

viii. A member may participate in the 45th AGM even after exercising his right to vote through remote e-voting, but shall not be allowed to vote again at the meeting.

ix. 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 45th 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.

x. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company 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 the BSE Limited and the National Stock Exchange of India Limited, Mumbai

xi. 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 Thursday, September, 16, 2021 he/she may obtain the User ID and Password in the manner stated below. Institutional/ Corporate shareholders may write to Kfintech at 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.

Example for NSDL	MYEPWD <SPACE> IN12345612345678
Example for CDSL	MYEPWD <SPACE> 1402345612345678
Example 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 PAN to generate a password.

b) Member may call Kfin toll free number 1-800-3094-001 for all e-voting related matters (from 9.00 a.m. to 6.00 p.m. on all working day).

c) Member may send an email request to einward.ris@kfintech.com for all e-voting related matters.

If the member is already registered with Kfin e-voting platform, then he can use his existing User ID and password for casting the vote through remote e-voting.

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

Commencement of remote e-voting	From 9:00 a.m. (IST) on Monday, September 20, 2021.
End of remote e-voting	At 5:00 p.m. (IST) on Wednesday, September 22, 2021

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled/ blocked by Kfin 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.

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 Depository Participants. Shareholders are advised to update their mobile number and email address in their demat accounts in order to access e-voting facility.

NSDL	CDSL
1. User already registered for IDeAS facility: ** a) URL: https://eservices.nsdl.com b) Click on the "Beneficial Owner" icon under 'IDeAS' section. c) On the new page, enter existing User ID and Password. Post successful authentication, click on "Access to e-voting". d) Click on the 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. 2. User not registered for IDeAS e-Services a) To register click on link : https://eservices.nsdl.com (Select "Register Online for IDeAS").or https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp b) Proceed with completing the required fields. **(Post registration completion, follow the process as stated in point no.1 above)	1. Existing user who have opted for Easi / Easiest ** a) URL:https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com b) Click on New System Myeasi. c) Login with user ID and password. d) Option will be made available to reach e-voting page without any further authentication. e) Click on e-voting service provider name to cast your vote. 2. User not registered for Easi/Easiest. a) Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration b) Proceed with completing the required fields. **(Post registration is completed, follow the process as stated in point no.1 above)

3. First time users can visit the e-voting website directly and follow the process below: a) URL: https://www.evoting.nsdl.com b) Click on the icon "Login" which is available under 'Shareholder/Member' section. 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. d) Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. e) Click on the 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.	3. First time users can visit the e-voting website directly and follow the process below: a) URL: www.cdslindia.com b) Provide demat Account Number and PAN No. c) System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account. d) After successful authentication, user will be provided links for the respective Electronic Service Provider (ESP) where the e-voting is in progress. e) Click on the company name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period.

Individual Shareholders (holding securities in demat mode) login through their depository participants

You can also login using the login credentials of your demat account through your Depository Participant 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 'Forget User ID' and 'Forget Password' option available at above mentioned website.

Members facing any technical issue - NSDL	Members facing any technical issue - CDSL
Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 22-23058542-43.

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 KFin 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, September, 16, 2021, 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.
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, he/ she 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 on the resolution, 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 with a copy to 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 45th 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 45th 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 45th 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
Cell phone	Android 6.0+ Google Chrome28+ 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)
ioS PC/ Desktop	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 webcam 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-votings are eligible to vote through e-voting during the 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 30 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. September, 16, 2021 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 Saturday, September, 18, 2021 10:00 A.M. (IST) and will close on Monday, September, 20, 2021 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 September, 16, 2021.

c. A video guide assisting the members attending AGM either as a speaker or participant is available for quick reference at URL https://cruat04.kfintech.com/emeetings/video/howitworks.aspx

d. Members who need technical or other assistance before or during the AGM can contact Kfin by sending email at 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 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 Private Limited at 1800 309 4001 (Toll Free).

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 20th August, 2021, 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 31st March, 2021, as recommended by the Board, if approved at the AGM, on or after 1st October, 2021.

B. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participants, 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 Depository Participant(s) 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 Depository Participants.

C. Members holding shares in physical form are requested to intimate any change of address and/or bank mandate to KFin Technologies Private Limited (KFintech), Registrar and Share Transfer Agent of the Company immediately by sending a request on e-mail at einward.ris@kfintech.com. In case, the Company is unable to pay the dividend to any shareholder by the electronic mode, due to non-availability of the details of the bank account, the Company shall upon normalisation of the postal services, dispatch the dividend warrant to such shareholder by post.

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 1st 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,** TDS shall be made 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 2021-22 provided PAN is registered by the Shareholder. If PAN is not registered, TDS would be deducted @ 20% as per Section 206AA of the Income Tax Act, 1961. However, no tax shall be deducted on the Dividend payable to a resident Individual if the total dividend to be received by them during financial year 2021-22 does not exceed ₹ 5,000. Please note that this includes the future dividends if any which may be declared by the Board in the financial year 2021-22. Separately, in cases where the shareholder provides Form 15G (applicable to any person other than a Company or a Firm or HUF)/ 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.

   b. **For Non-resident Shareholders,** taxes are required to be withheld in accordance with the provisions of Section 195 of the Income Tax Act, 1961 at the rates in force. 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 them. However, as per Section 90 of the Income Tax Act, 1961, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, i.e. to avail the Tax Treaty benefits, the non-resident shareholder will have to provide the following:

i. Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident.

ii. Self-declaration in Form 10F if all the details required in this form are not mentioned in the TRC.

iii. Self-attested copy of the Permanent Account Number (PAN Card) allotted by the Indian Income Tax authorities.

iv. Self- Declaration certifying the following points:

1. Member is and will continue to remain a tax resident of the country of its residence during the financial year 2021-22;

2. Member is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;

3. Member has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;

4. Member is the ultimate beneficial owner of its shareholding in the Company and Dividend receivable from the Company; and

5. Member does not have a taxable presence or a permanent establishment in India during the financial year 2021-22.

c. Please note that the Company is not 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 Non- Resident shareholder.

d. Kindly note that the aforementioned documents are required to be submitted at https://ris.kfintech.com/form15/ on or before Monday, 9th August, 2021 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 Monday, 9th August, 2021. 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.

e. 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.

f. The Company vide its separate e-mail communication dated Thursday, 1st July, 2021 had informed the Members regarding this change in the Income Tax Act, 1961 as well as the relevant procedure to be adopted by the Members to avail the applicable tax rate.

g. 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 1996-97 to 2012-13 to Investor Education & Protection Fund (IEPF), set up by the Central Government.

h. Shareholders may claim their unclaimed dividend for the years prior to and including the financial year 2013-14 and the corresponding shares, from the IEPF Authority by applying in the prescribed Form No. IEPF-5. Shareholders may claim their unclaimed dividend for the years prior to and including the financial year 2013-14 and the corresponding shares, from the IEPF Authority by applying in the prescribed Form No. IEPF-5.

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 12/07/2021, to all those shareholders who have not claimed their dividend amount for a consecutive period of seven years from financial year 2013-14, advising them to contact KFintech at 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 31.10.2021.

Financial Year	Dividend Identification No.	Date of Declaration of Dividend	Due Date for transfer to IEPF
2013-14	31st	26-09-2014	October, 2021
2015-16	32nd	30-09-2016	October, 2022
2016-17	33rd	29-09-2017	October, 2023
2017-18	34th	29-09-2018	October, 2024
2018-19	35th	26-09-2019	October, 2025
2019-20	36th	26-09-2019	October, 2026

E. OTHERS:

1. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from, 1st 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 requested to consider converting their holdings to dematerialised form.

2. Nomination facility is available for the Members as per Section 72 of the Act. As a Member of the Company, you have an option to nominate any person as your nominee to whom your shares shall vest in the unfortunate event of your death. It is advisable to avail this facility especially by the Members who currently hold shares in their single name. Nomination can avoid the process of acquiring any right in shares through transmission by law. In case of nomination for the shares held by the joint holders, such nomination will be effective only on death of all the holders. In case the shares are held in dematerialised form, the nomination form needs to be forwarded to your Depository Participant (DP).

3. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends by registering their bank account details with the KFintech, RTA of the Company.

4. Trading in equity shares of the Company is compulsorily in dematerialised mode by all the Members. Also, as per provisions of Listing Regulations, transfer of listed securities shall not be processed unless the securities are in dematerialized form. This measure is aimed at curbing fraud and manipulation risk in physical transfer of securities by unscrupulous entities. Members holding shares in physical form are requested to convert their holding(s) to dematerialized form to eliminate all risks associated with physical shares.

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. 5 TO 7 OF THE ACCOMPANYING NOTICE.

Item No. 5 :

Appointment of Prof. Ranjan Kumar Ghosh (DIN: 08551618) as an Independent Director of the Company:

In terms of the provisions of Section 161 of the Companies Act, 2013 (the Act), read with Article 144 of the Articles of Association of the Company, the Board of Directors has, upon the recommendations of Nomination & Remuneration Committee, appointed Prof. Ranjan Kumar Ghosh (DIN: 08551618) as Additional Director (Independent Category) effective 29th October, 2020 on the Board of the Company. He holds the office of Director up to the date of this AGM. Pursuant to the said Committee's recommendations, the Board has also recommended his appointment to the Members as Independent Director for a term of three (3) consecutive years up to 30th September, 2024, at this AGM.

As required under Section 160 of the Act, the Notice proposing the candidature of Prof. Ranjan Kumar Ghosh (DIN: 08551618) has been received from a Member of the Company.

The Company has received from Prof. Ranjan Kumar Ghosh (DIN: 08551618) (i) Consent in writing to act as a Director pursuant to Section 152(5) of the Act, read with Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 (the Rules); (ii) intimation in terms of Section 164(2) of the Act, read with Rule 14(1) of the Rules, to the effect that he is not disqualified from being appointed as Director; and (iii) a declaration to the effect that he meets with the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. .

Prof. Ranjan Kumar Ghosh (DIN: 08551618) is a presently Assistant Professor- Centre for Management in Agriculture at Indian Institute of Management (IIM), Ahmedabad.

He has distinguished academic background with Ph.D in Economics from Humboldt University of Berlin, Germany; Post-Doctoral Fellow, Department of Economics, SLU UPPSALA, Sweden; Visiting Scholar, Ostrom Workshop, Indiana University, Bloomington, USA; M.Sc. Economics from Madras School of Economics, Chennai and B.A. Economics, University of Delhi. He has a rich Academic and Professional Affiliations with many Institutes/ Universities at National and International Level.

In the opinion of the Board, Prof. Ranjan Kumar Ghosh (DIN: 08551618) is a person of integrity, possess relevant expertise and experience and fulfill the conditions specified in the Act and the Rules made thereunder for his appointment as Independent Director and that he is Independent of Management. Therefore, it would be of immense benefit and in the interest of the Company to appoint him as Independent Director of the Company at this AGM.

In compliance with Section 149 and other applicable provisions of the Act and the Rules made thereunder, read with Schedule IV to the Act and Listing Regulations, it is proposed to appoint Prof. Ranjan Kumar Ghosh (DIN: 08551618) as Independent Director at this AGM for a term of three (3) consecutive years up to 30th September, 2024, not liable to retire by rotation.

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

Prof. Ranjan Kumar Ghosh (DIN: 08551618) is not related to any of the Directors or Key Managerial Personnel of the Company in terms of section 2(77) of the Act.

Except Prof. Ranjan Kumar Ghosh (DIN: 08551618), 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 of appointment. This Explanatory Statement may also be regarded as disclosure under Regulation 36 of Listing Regulations.

Item No. 6 :

Appointment of Shri. Mukesh Puri, IAS (DIN: 03582870) as Director of the Company:

In terms of the provisions of Section 161 (1) of the Act read with Article 144 of the AoA of the Company, Shri. Mukesh Puri, IAS (DIN: 03582870) was appointed by the Board as an Additional Director effective 7th January, 2021, based on the recommendation of Nomination & Remuneration Committee and he holds the Office of Director up to the date of this Annual General Meeting.

The Company has received a Notice under Section 160 of the Act from a Member proposing the candidature of Shri. Mukesh Puri, IAS (DIN: 03582870) for the office of Director of the Company.

Shri Mukesh Puri (DIN: 03582870) is a lAS officer with 32 years of experience in public administration. He has done Post Graduation in Economics from the Delhi School of Economics and subsequently obtained a Master's Degree in International Political Economics from the University of Tsukuba, Japan.

He is presently posted as Additional Chief Secretary, Urban Development & Urban Housing Department, Government of Gujarat.

Presently, he is Managing Director of Gujarat State Fertilizers & Chemicals Ltd., Vadodara.

Shri Mukesh Puri (DIN: 03582870) is not related to any of the Directors or Key Managerial Personnel of the Company, in terms of Section 2(77) of the Act.

The Board considers that it would be in the interest of the Company to appoint Shri Mukesh Puri (DIN: 03582870) as Rotational Director on the Board and therefore, commends the proposed Resolution for your approval.

Except Shri Mukesh Puri (DIN: 03582870), none of the Directors / Key Managerial Personnel of the Company and their relative(s) is / are, in any way, concerned or interested, financially or otherwise, in the said resolution. This Explanatory Statement may also be regarded as disclosure under Regulation 36 of Listing Regulations.

Item No. 7 :

Ratification of remuneration payable to Cost Auditors of the Company for the financial year 2021-22:

The Board of Directors, on the recommendations of Audit Committee, in its Meeting held on 17th May, 2021 approved the appointment of M/s Dalwadi & Associates, Cost Accountants, Ahmedabad (Firm Registration No. 000338) as Cost Auditors of the Company for the FY 22 at a remuneration of ₹ 4,59,800/- per Annum plus out of pocket expenses and statutory levies for carrying out the cost audit work of the Company.

In accordance with the provisions of Section 148 of the Act read with Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditors has to be ratified by the Members of the Company. Accordingly, the remuneration of ₹ 4,59,800/- per Annum payable to M/s Dalwadi & Associates for FY 22 is required to be ratified by the Members at this AGM.

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

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

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

CS A C SHAH
Company Secretary & General Manager (Legal)

Registered Office:
P.O.: Narmadanagar, Dist.: Bharuch: 392 015.
CIN: L24110GJ1976PLC002903. Tele No.: (02642) 247001, 247002.
Fax No.: (02642) 247084.
Email: investor@gnfc.in | Website: www.gnfc.in
Dated: 14th August, 2021

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

Name of Director	Smt. Mamta Verma, IAS	Prof. Ranjan Kumar Ghosh	Shri. Mukesh Puri, IAS
DIN	01854315	08551618	03582870
Date of Birth	01/04/1972	29/10/1981	26/01/1964
Date of appointment/ change in terms of appointment	29/09/2020	29/10/2020	07/01/2021
Relationship with Directors	None	None	None
Expertise in specific functional area	Smt. Mamta Verma, (DIN: 01854315) is a IAS Officer having rich experience in the field of Management and Administration. She has held various distinguished positions in the Government of Gujarat (GoG) such as Collector, District Development Officer, Additional Industries Commissioner, CEO of Ahmedabad Urban Development Authority and Special Commissioner, Commercial Taxes, Director, Municipal Administrator, CEO of Gujarat Urban Development Corporation. Presently, she is Secretary to Government, Energy & Petrochemicals Department, Sachivalaya, Gandhinagar	His areas of expertise include Agriculture, Agri-food, Resource and Climate Management and Energy Conservation, etc. Prior to joining IIM, he was Forskare (equivalent to Assistant Professor), Department of Economics, SLU UPPSALA, Sweden. He is recipient of Awards from International Institutes/ Business Schools. His has authored many Articles on varied subjects particularly on Agriculture, Energy etc. and the same have been published in leading International Journals/ Magazines. He has attended many renowned Conferences and Workshops at National and International Levels.	Shri Mukesh Puri (DIN: 03582870) is a IAS officer with 32 years of experience in public administration. He 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. Shri Puri has held the position of Managing Director, Gujarat Urja Vikas Nigam Limited (GUVNL); and Chairman, Gujarat Pollution Control Board (GPCB). Shri Puri has also worked with UNICEF for a period of 3 years. He is presently posted as Additional Chief Secretary, Urban Development & Urban Housing Department, Government of Gujarat. Presently, he is Managing Director of Gujarat State Fertilizers & Chemicals Ltd., Vadodara.
Qualification(s)	She is MA with Psychology and has done Post Graduation in Physiology.	Ph.D Economics from Humboldt University of Berlin, Germany; Post-Doctoral Fellow, Department of Economics, SLU UPPSALA, Sweden;	He has done Post Graduation in Economics from the Delhi School of Economics and subsequently obtained a Master's Degree in International

Name of Director	Smt. Mamta Verma, IAS	Prof. Ranjan Kumar Ghosh	Shri. Mukesh Puri, IAS
		Visiting Scholar, Ostrom Workshop, Indiana University, Bloomington, USA; M.Sc. Economics from Madras School of Economics, Chennai and B.A. Economics, University of Delhi. He has a rich Academic and Professional Affiliations with many Institutes/ Universities at National and International Level.	Political Economics from the University of Tsukuba, Japan.
Number of Shares held in the Company as on March 31, 2021	Nil	Nil	Nil
List of the Directorships held in other Listed Companies	a) Gujarat Tour Development Co. Ltd.- Director. b) Gujarat State Aviation Infrastructure Co. Ltd.-Director c) Diamond Research and Mercantile City Ltd. - Director d) Gujarat Tourism Opportunity Ltd. - Director e) Gujarat Chemical Port Ltd.- Director f) GVFL Advisory Services Ltd.- Director g) Gujarat Narmada Valley Fertilizers & Chemicals Ltd.- Director	Gujarat Narmada Valley Fertilizers & Chemicals Ltd.- Director	a) Gujarat State Fertilizers & Chemicals Ltd.-Managing Director. b) Gujarat Urban Development Corporation Ltd.-Chairman. c) Indian Potash Limited-Chairman d) Gujarat Narmada Valley Fertilizers & Chemicals Limited. -Director e) Urban Ring Development Corporation Limited. -Director, f) Gujarat Metro Rail Corporation (GMRC) Limited. -Chairman. g) Gujarat International Finance Tec-City Company Limited-Director. h) Gujarat Fibre Grid Network Limited. -Director. i) Diamond Research and Mercantile City Ltd.-Director j) Gujarat Green Revolution Company Limited-Chairman.
Chairman/Member of the Committee of Directors of other Companies in which she / he is a Director as on March 31, 2021*	Gujarat Narmada Valley Fertilizers & Chemicals Ltd. Member – Stakeholders Relationship Committee	Gujarat Narmada Valley Fertilizers & Chemicals Ltd. Member – Audit Committee	Gujarat State Fertilizers & Chemicals Ltd.- Member – Stakeholders Relationship Committee
Number of Board Meetings attended during the year 2020-21	1 of 4	2 of 2	1 of 1

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

DIRECTORS' REPORT

To,
The Members,

Your Directors have immense pleasure in presenting this 45th Annual Report on the Company's business and operations together with Audited Financial Statements (Standalone and Consolidated) for the Financial Year (FY) ended on 31st March, 2021.

FINANCIAL RESULTS AND STATE OF COMPANY'S AFFAIRS

During the year under review, the Company achieved satisfactory performance on operational and financial fronts. The Company established total 79 new Records during FY 21, out of which 50 and 29 Records were established in Production and Sale / Dispatch respectively.

The Financial Highlights on Standalone basis are summarized below:

(₹ Crores)

Particulars		Standalone	
		FY 21	FY 20
Income from operations		**5,129**	5,162
Other Income		**237**	153
Total Income		**5,366**	5,315
Total Expenditure		**4,126**	4,621
Profit before Depreciation, Finance Cost and Tax		**1,240**	694
Depreciation		**272**	264
Finance Cost		**20**	5
Profit Before Tax		**948**	425
Tax Expense		**259**	(74)
Net Profit for the year	A	**689**	499
Re-measurement of Losses on defined employee benefit plans (Net of tax)	B	**11**	(14)
Transferred From Other comprehensive income	C	**(61)**	-
Balance brought forward from previous year	D	**1,920**	1,566
Amount available for Appropriation	A+B+C+D	**2,559**	2,051
Appropriations :			
Dividend paid		**78**	109
Tax on Dividend		**-**	22
Surplus carried to Balance Sheet		**2,481**	1,920

COMPANY'S PERFORMANCE OVERVIEW

1.0 Operational Performance:

Your Company has achieved good operational performance during the year under review, in spite of prevailing Covid-19 pandemic situation. CPSU (Gas based power plant) established record of highest yearly HP steam generation from HRSG.

Even though, production of plants was significantly affected due to Covid-19 imposed lockdown in April, 2020, following plants achieved over 100% capacity utilization level. Ammonia (6,15,793 MTs, i.e. 138.23%), Urea (7,42,650 MTs, i.e 116.60%), Methyl Formate (25,577 MTs, i.e. 112.18%), Formic Acid (19,443 MTs, i.e. 194.43%), Acetic Acid (1,50,310 MTs, i.e 150.31%), Ethyl Acetate (58,685 MTs, i.e. 117.37%), Weak Nitric Acid-I (2,91,480 MTs, i.e. 117.77%), Weak Nitric Acid-II (1,01,367 MTs, i.e. 101.37%), Ammonium Nitrophosphate (1,66,795 MTs, i.e. 117.05%), Nitrobenzene (50,283 MTs, i.e. 106.42%), TDI-I (17,033 MTs, i.e. 121.67%). During the year special focus was given on energy conservation and cost saving measures across all operational aspects.

During the FY 21, TDI-II Plant at Dahej achieved production of 40,305 MTs with capacity utilization of 81%. The operational reliability of TDI-II Plant has improved on account of implementation of various ongoing reliability measures / schemes by your Company.

TDI Dahej plant was stopped on 28th March, 2020 on account of nationwide lockdown imposed by Government of India. Plant remained under shutdown from 28-03-2020 to 11-06-2020. Plant achieved 100% load in last week of July, 2020. Plant has achieved exemplary production of 40,305 MT in FY 21 in spite of market constraints faced in initial phase during lock down from June to July, 2020.

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 21 on Standalone basis. In spite of impact of COVID-19 on production and sale volume for practically one full month of April, 2020 for Bharuch Complex and in case TDI Dahej complex till middle of June, 2020, the Company has achieved 2nd Highest PBT of ₹ 948 crores for the FY 21 in the history of GNFC.

During the FY 21, the fertilizer segment results were reduced from profit of ₹ 216 in FY 20 to loss of ₹ (24) crores mainly due to COVID-19 forced shut down of plants during the year resulting in to production and sales losses as well as one time urea subsidy income of earlier years booked in FY 20 (₹ 160 crores on comparable basis).

In spite of lower production and sales volume due to forced shut down of plants, the Chemical segment results improved substantially by 425% from ₹ 166 crores to ₹ 874 crores mainly due to increase in Sales realisations across the board.

During the FY 21, Company is out of Minimum Alternate Tax (MAT) regime and is now under normal tax regime.

During the FY 21, the Company achieved total revenue from operation of ₹ 5,129 crores compared to ₹ 5,162 crores during the FY 20. Profit Before Tax (PBT) and Profit After Tax (PAT) stood at ₹ 948 crores and ₹ 689 crores against ₹ 425 crores and ₹ 499 crores in the FY 20 respectively. The Company has achieved export turnover of ₹ 276 crores during the FY 21.

Net Profit on Consolidated basis was ₹ 697 crores for the FY 21 compared to ₹ 508 crores in the FY 20.

SALES

1.0 Industrial Products:

The foregone year has been a challenging one for entire industry. The first wave of Covid-19 pandemic hit us hard and in order to contain rampant spread of the virus, the world's largest lockdown was imposed in the country. Majority of the downstream industry was shut except essential services and the entire supply chain was disrupted. Chemical sales were significantly hit in Q1 of FY 21.

Subsequent unlocking of the economies and decline in Covid-19 cases globally fueled a rapid increase in demand signaling a V-shaped recovery. On the other hand, suppressed crude oil prices resulted into lower input cost, thus creating a rewarding situation for chemicals segment. The demand for industrial products like Aniline, Methanol, Acetic Acid, Ethyl Acetate, CNA etc picked up rapidly post initial months of lockdown. Further, external factors in the global supply chains like shortage of shipping containers led to steep hike in the shipping charges, thus leading to massive delays in import of chemicals.

Chemical business has contributed a mammoth 64% to the top line of the company. Although the aggregate sales of 7,55,275 MT in FY 21 is marginally lower compared to 7,76,176 MT in FY 20, swift improvement in market demand, efficient product management, constant team effort and prudent decision making resulted into turnover of almost ₹ 3,305 crores which is remarkably higher than FY 20. Of this, TDI made almost 27% part of the turnover. Acetic Acid, Ethyl Acetate, AN-Melt, Aniline contributed almost 47%. Notable mention to Aniline and Methanol which have performed exceptionally well compared to last FY 20, recording 55% and 187% jump in their turnovers respectively.

Even during such volatile times, ever highest prices were achieved in the industrial products Acetic Acid, Aniline, CNA, WNA, AN-Melt, Ethyl Acetate and TGU.

Rise in demand from end user industries and increasing per-capita consumption is likely to support strong demand for chemicals. Companies, indigenous as well as global, seeking to de-risk their supply chains and reduce dependency on China presents a valuable growth opportunity. Moreover, prudent and industry friendly policies like Atmanirbhar Bharat, PLI scheme, 100% FDI, mandatory BIS standards, PCPIR policy etc by the government can prove to be a game changer for this industry.

2.0 Fertilizer Business:

Your Company performed reasonably well in fertilizers business during FY 21. The Company achieved total sale of 6.57 Lakh MTs of Urea which was a little less than the previous year due to loss of production owing to Covid-19. Similarly, sale of Nitro phosphate was marginally lower at 1.78 Lakh MTs compared to 1.85 Lakh MTs in FY 20. Lower sales volume of Ammonium Nitro phosphate (ANP) was mainly due to lesser availability for sale as well as effect of Covid-19 pandemic. The Company sold around 42,600 MTs fertilizers through Company's own Narmada Khedut Sahay Kendras (NKSKs), out of the total fertilizers sold by the Company in FY 21.

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. Total 13,393 MTs of Fertilizers were sold as a part of trading activities.

3.0 (n)Code Solutions – IT Division:

During the year under review, (n)Code Solutions - IT Division of the Company performance is also adversely affected due to COVID-19 pandemic situation & lockdown period. We have continuously run our DSC operations, Software operation support & data center operation throughout the period considering an essential services. This division has registered sales turnover of ₹ 70 crores and Profit of ₹ 12 crores across its all business segments.

(n)Code being an IT solution providing company has enhanced their IT solutions & services using state-of-the art information technology solution like Mobility, secure online access in the areas like Digital Signature Certificate, e-Procurement, e-Auction and "Ease of Doing Business" activities by extending software / Application development support. (n)Code has been supporting Government initiatives by extending Software / Application development and support, Smart City / System Integration, Data Centre Operations, Project Management, Quality and Audit Consultancy, etc.

In spite of more challenges on providing required support for essential service during lock down period with limited manpower, (n)Code team has managed successfully with full client satisfaction. There is good progress on on-going smart city / System Integration projects. (n)Code has now set a vision to spread its wings pan India to deliver convenience to business using its suit of software products like e-Auction, integrated Mining solution etc.

An analysis of 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 FY 21, long term growth strategy and to ensure that the shareholders get sustained return on their investment, your Directors have recommended a dividend of ₹ 8/- per share (@80%) 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 ₹ 124.34 crores. This amounts to 18.04% of the Net Profit of the Company.

APPROPRIATIONS:

Your Company has registered a Net Profit of ₹ 689.21 crores for FY 21. After adding therefrom ₹ 11.01 crores being the re-measurement gain on defined employee benefit plans, deducting ₹ 61.26 crores being transfer of loss on investments from Other Comprehensive income and adding thereto ₹ 1,919.94 crores being the balance of Statement of Profit & Loss brought forward from previous year, an amount of ₹ 2,558.90 crores is available for appropriation. Out of this, ₹ 77.71 crores is appropriated towards payment of dividend for FY 20. The balance amount of ₹ 2,481.19 crores is proposed to be carried to Balance Sheet.

FERTILIZER INDUSTRY – GOVERNMENT POLICY:

Department of Fertilizers (DOF) announced Nutrient Based Subsidy (NBS) rates for FY 22, which are ₹ 6,735 per MT for ANP, with no difference as compared to previous year. However, w.e.f. 20.05.2021 the rates of NBS subsidy for nutrient 'P" was increased by GOI owing to very high price of finished product & raw materials. Subsidy for ANP would now be ₹ 12,822 per MT. The Fertilizer industry remains vital to agriculture productivity but continues to operate under a rigid control regime. With the increase in subsidy, there are likely chances of maintaining same MRPs initially.

The Direct Benefit Transfer (DBT) scheme for fertilizers was implemented throughout the country from March, 2018. Though the scheme is called DBT, subsidy continues to be routed through the industry. The scheme has changed the business model for fertilizers companies. Subsidy under the scheme becomes due only on sale of fertilizers by the retailers to the farmers through POS (Point of Sales) machines. Earlier 95% and 90% of the subsidy amount of Urea and Nitro Phosphate respectively were paid on receipt of fertilizers at the field warehouses/retailers.

The DBT scheme as currently designed has impact on further working capital tie up since in the pre-DBT regime companies were eligible for subsidies when fertilizers reach district(s) whereas under DBT, subsidy is eligible for reimbursement upon sales through point of sale (POS) machine to farmer.

From a liquidity perspective, there is a high dependence on the subsidy budget of GOI which has consequential impact on the working capital quantum of fertilizer manufacturing companies.

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 under:

1. **Formic Acid Capacity Enhancement:**

   GNFC is implementing Formic Acid (FA) capacity enhancement Project to increase the capacity by 20 MTPD (6,800 MT per annum). The Project will be completed by second Quarter of FY 22 and total capacity of FA would be 85 MTD.

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 is implementing CNA-IV Project with a capacity of 150 MTD. The Project will be completed by 1st Quarter of FY 23.

3. **Solar Power Generation Project:**

   10 MW Solar Power Plant.

   To fulfil Renewable Purchase Obligation, GNFC has Put up 10 MW Solar Power Project at Charanka Solar Park. The Project is commissioned on 17.11.2020.

   04 MW Solar Power Project.

   To fulfill Renewable Purchase Obligation, GNFC is planning to has put up 04 MW Solar Power Project at Charanka Solar Park. The Project will be commissioned by end July, 2022.

4. **Ammonia Plant revamp**

   At present, Company is producing about 1,900 MT per Day Ammonia from both fuel oil and natural gas route after installation of S-300 revamp. It is possible to increase the Ammonia production capacity from 1,900 MTPD to 2,050 MTPD by installation of Ammonia Make-up Gas Convertor Loop [AMUGL], in existing Ammonia Synthesis loop.

   This will increase Ammonia production by 50,000 MT per annum which will be used for new Weak Nitric Acid and Ammonium Nitrate Plants. Actions have been initiated for implementation of this revamp.

5. **The Neem Project:**

   Neem Seed expelling & extraction unit with capacity of about 2,900 MT Neem oil and about 22,000 MT per annum Neem cake has been commissioned & is in operation Since 22.02.2021.

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

   Company has set up 100 MT/Hr capacity gas based boiler at TDI-II Complex Dahej to meet captive steam requirement while power is being sourced from DGVCL grid. There is large variation in gas prices. In order to reduce cost of steam and power and to improve their reliability, a coal based Captive Co-Generation Power Plant (CCPP) with a capacity to produce 18 MW power and 150 MT/hr. steam was under active consideration.

   However, new guide lines on the introduction of carbon tax is likely to be issued in the near future and till the clarity on the applicability of carbon tax is received, CCPP Project is kept under "HOLD".

   On clarity on introduction of carbon tax is received, viability of CCPP Project shall be further examined and decision on implementation of Coal Based Co-Generation Power Plant at Dahej shall be taken, based on the financial viability of project.

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 31st March, 2021, 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 31st March, 2021 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 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 namely 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.

The Company had incorporated Wholly Owned Subsidiary Company namely Gujarat Ncode Solutions Limited (GNSL) in the year 2017. As the Company has not commenced its business operations, the Company filed an application to the Registrar of Companies for removal of its name from the Register of Companies in terms of Section 248(1) of the Act and the same is under process.

CONSOLIDATED FINANCIAL STATEMENTS:

Pursuant to Section 129(3) of the Act, read with Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015], as amended, the Company has prepared Consolidated Financial Statements in respect of Associate Company viz. Gujarat Green Revolution Co. Ltd. for the FY 21 and forms part of this Annual Report.

As per the Indian Accounting Standards (Ind AS), the Accounts of the Joint Venture Company viz. EcoPhos GNFC Pvt. Ltd. (EGIL) are not required to be consolidated. Further, the wholly owned Subsidiary Company namely Gujarat Ncode Solutions Limited (GNSL) is under process of Strike off. Therefore, the same are not included in the Consolidated Financial Statements.

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 21.

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 21. 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. 36 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:

Four (4) 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;
2. Stakeholders' Relationship Committee;
3. Nomination and Remuneration Committee;
4. Corporate Social Responsibility Committee;
5. Risk Management Committee;
6. Project Committee; and;
7. Human Resource Development Committee.

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. 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 SEBI (LODR) Regulations, 2015 as amended from time to time.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Chairman of the Company:

Shri Anil Mukim, IAS, Chief Secretary to Government of Gujarat (GoG) was nominated by GoG as Government Nominee Director on the Board vice Dr. J. N. Singh, IAS (Retd). Shri Anil Mukim, IAS, has been appointed as Nominee Director and Chairman of the Company w.e.f. 13th December, 2019.

Retirement of Director(s) by Rotation:

In terms of Section 152 of the Act, Smt. Mamta Verma, IAS will retire by rotation at this AGM and is proposed to be re-appointed thereat.

Declaration by Independent Directors:

In terms of Section 149(7) of the Act and SEBI (LODR) Regulations, 2015, the Company has received necessary declarations 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 Listing Regulations, 2015 as amended for FY 22.

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):

Pursuant to the applicable provisions of the Act, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules') as amended, all unpaid or unclaimed dividends which were required to be transferred by the Company to the IEPF were transferred to IEPF Authority. The Company has also transferred 2,22,392 shares held by 3,531 Shareholders in respect of which dividend amount remained unpaid / unclaimed for a consecutive period of seven years or more to IEPF Authority within stipulated time.

The details of unpaid / unclaimed dividend and the shares transferred to IEPF Authority are available on the Company's website at web links- https://www.gnfc.in/wp-content/uploads/2021/04/iepfweb_SHARE_2020.pdf.

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 a Risk Management Policy. Under this Policy, various risks pertaining to Operations & Maintenance of Plants, financial and other organizational risks are assessed, evaluated and continuously monitored for taking effective steps for its mitigation.

In compliance with Regulation 21 of SEBI (LODR) (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, 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.

EXTRACT OF ANNUAL RETURN:

As per the requirement of Section 92(3) of the Act read with Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, the extract of the Annual return in the Form MGT-9 is available on the Company's www.gnfc.in.

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 Committee and formulated a CSR Policy. As a responsible corporate, the Company has been undertaking societal activities directly as well as through its CSR arm – Narmadanagar Rural Development Society (NARDES) in the major areas which are covered in CSR Policy and Schedule-VII to the Act.

Company's CSR Policy is available on the website of the Company at 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 Companies Act, 2013 (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 during the FY 21 was ₹ 16.01 crores. The Company had actually spent ₹ 20.26 crores towards various CSR Activities during the FY 21. In this manner, your Company, while meeting its obligation under Section 135 of the Act, has over spent ₹ 4.25 crores towards various CSR Activities during the FY 21. As per the applicable provisions of the Act and the Rules, the said over spent amount will be available for set off during the subsequent FYs.

The Ministry of Corporate Affairs (the MCA) had issued clarification dated 23.03.2020 on spending of CSR funds for COVID-19. The Company has obtained approval of CSR Committee and of the Board of Directors and contributed ₹ 10.00 crores to the "Chief Minister's Relief Fund (CM Relief Fund)", Government of Gujarat (GoG) with specific objective in the situation of Disaster Relief for helping COVID-19 affected areas, before 31.03.2020 and considered the same as part of CSR obligation. Subsequently, on 10.04.2020, the MCA issued COVID-19 related Frequently Asked Questions (FAQs) on CSR wherein it was clarified that "Chief Minister's Relief Fund" or "State Relief Fund" for COVID-19 is not included in Schedule VII of the Act and therefore, any contribution to such funds shall not qualify as admissible CSR expenditure.

The CSR Committee and the Board of Directors, vide Circular Resolutions dated 31.03.2021, approved the contribution of ₹ 10.00 crores, on 30.03.2020, made by the Company to the CM Relief Fund under Disaster Management of COVID-19 Pandemic is in compliance with the provisions of Section 135 of the Act and the Rules made thereunder read with Schedule VII to the Act, and therefore, admissible as CSR expenditure.

Accordingly, the contribution of ₹ 10.00 crores to the CM Relief Fund under Disaster Management of COVID-19 Pandemic has been considered as part of total CSR expenditure of ₹ 20.26 crores made by the Company during the FY 21.

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 REPORT:

The Company has been conducting its business in such a way that it delivers both long term stakeholders' value and benefit Society under the approach of "Creating Shared Value". As required under Regulation 34 of the SEBI (LODR) Regulations, 2015 Business Responsibility Report is enclosed at Annexure-B to this Report.

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

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

PARTICULARS OF EMPLOYEES AND REMUNERATION:

There were 2,504 permanent employees of the Company as of 31st March, 2021. The disclosures with respect to the remuneration of Directors and employees as required under Section 197 of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules') have been appended as Annexure D to this Report. Details of employee remuneration as required under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) and 5(3) of the Rules are available to any shareholder for inspection on request. If any member is interested in obtaining a copy thereof, such member 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 Members of the Company had at their 40th AGM held on 30th September, 2016 appointed M/s SRBC & Co. LLP, Chartered Accountants, a Member Firm of E&Y India as Statutory Auditors of the Company for a term of five consecutive years, until the conclusion of the forthcoming 45th AGM. Accordingly, they will retire at this 45th AGM.

In accordance with the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the relevant Rules framed thereunder, it is proposed to appoint M/s Suresh Surana & Associates LLP, Mumbai, Chartered Accountants, a Member firm of RSM International, as Statutory Auditor of the Company for a term of five consecutive years at the ensuing 45th AGM till the conclusion of 50th AGM, in place of retiring Auditors M/s. SRBC & Co. LLP, Chartered Accountants, a Member firm of E&Y India.

Notes to Financial Statements (Standalone and Consolidated) forming part of Audited Financial Statements for FY 21 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

The Board of Directors in its Meeting held on 17th May, 2021, based on the recommendations of Audit Committee, has appointed M/s Dalwadi & Associates, Cost Accountants, Ahmedabad, as the Cost Auditor of the Company for the FY 22 at a remuneration of ₹ 4,59,800/- per annum plus out of pocket expenses and statutory levies.

In accordance with Section 148 of the Act read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014, the remuneration of ₹ 4,59,800/- per annum payable to Cost Auditors for the FY 22 is subject to ratification by the Shareholders at the AGM. Therefore, a suitable Resolution in this regard has been proposed in the Notice of this AGM for your approval.

The Company had e-filed the Cost Audit Report for the FY 20 with the Ministry of Corporate Affairs (Cost Audit Branch) on 25th September, 2020. The due date of filing the said Report was 30th September, 2020.

SECRETARIAL AUDITOR:

In pursuance of Section 204 of the Act and the Rules made thereunder, the Board of Directors in its Meeting held on 04-02-2021 appointed CS Shalin Patel, Practicing Company Secretary, Vadodara as Secretarial Auditor for three years from FY 21 to FY 23. The Secretarial Audit Report in Form MR-3 in respect of Secretarial Audit work carried out by them for FY 21 is enclosed at Annexure – E to this Report. The said Report does not contain any qualification, reservation or adverse remark.

DIVIDEND DISTRIBUTION POLICY:

As per Regulation 43A of SEBI (LODR) 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 to 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 and approved by the Central Government.

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

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

FIXED DEPOSITS:

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

INSURANCE:

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

INDUSTRIAL RELATIONS:

The Industrial Relations within the Company remained cordial and harmonious throughout the year. Cordial Industrial Relations have been a forte at the Company. It has helped the Company to achieve satisfactory performance on Operational and Financial front and in achieving targets without any difficulties.

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 Government of India and Government of Gujarat. Your Directors also take this opportunity of extending their wholehearted thanks to all our Consumers, Dealers, Customers, Banks, Business Associates, SEBI, NSDL, CDSL, Stock Exchanges and other Agencies for their continued support and co-operation and valued Investors for strengthening their bond with the Company.

For and on behalf of the Board of Directors,

Shri Anil Mukim, IAS
Chairman

Place : Gandhinagar
Date: 14th August, 2021

ANNEXURE - A

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2020-21

(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 of the Company.**

The Board of Directors had approved the CSR Policy of the Company in its Meeting held on 30-01-2015.

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

2. **Composition of the 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
Prof. Arvind Sahay[1]	Chairman	1	1
Smt. Gauri Kumar, IAS (Retd.)[2]	Chairperson	NA	NA
Shri Sunil Parekh	Member	1	1
Shri Piruz Khambatta	Member	1	0
Prof. Ranjan Kumar Ghosh[3]	Member	NA	NA
Shri Pankaj Joshi, IAS	Member	1	1

[1] Prof. Arvind Sahay, Chairman of the Committee retired as Director on 30-09-2020.

[2] Smt. Gauri Kumar, IAS (Retd.) was appointed as Chairperson of the Committee by the Board of Directors in its Meeting held on 31-08-2020.

[3] Prof. Ranjan Kumar Ghosh was appointed as Member of the Committee by the Board of Directors in its Meeting held on 04-02-2021.

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

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). - NA.

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–

Sl. No.	Financial Year	Amount available for set-offfrom preceding financial years (₹ crores)	Amount required to be setoff for the financial year, ifany (₹ crores)
I.	**2020-21**	**---**	**---**
II.	**2021-22**	**4.25**	**4.25**

6. Average net profit of the company as per section 135(5) - ₹ 800.60 crores.

7. (a) 2% of average net profit of the company as per section 135(5)- ₹ 16.01 crores.

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - **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) ₹ 16.01 crores

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (₹ crores)	Amount Unspent (in ₹)				
	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
₹ 20.26	Nil	NA	NA	Nil	NA

(b) Details of CSR amount spent against ongoing projects for the financial year:
The Company has undertaken the following CSR Activities / Projects during the FY 21.

Amount (in ₹ Lakhs)

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project Duration.	Amount allocated for the project	Amount spent in the current financial Year	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Imple-men-tation - Direct (Yes/ No).	Mode of Imple-mentation - Through Implement-ing Agency
				State	District					Name	CSR Reg-istration Number
(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)
1.	Women Empower-ment and Employment Generation.	Women Em-powerment	No	Gujarat	Gujarat State as a whole	1 Year	240.00	140.58	....	Yes	NA
2.	Digital Initia-tive on Social Media- Youth Employment Generation	Rural De-velopment, Preventive Health Care & Sanitation	No	Gujarat State as a whole	Gujarat State as a whole	1 Year	42.00	42.00	....	Yes	NA
3.	Support to Meritorious Students of Bharuch	Promoting Education	Yes	Gujarat	Bharuch	1 Year	2.00	2.00	....	Yes	NA
4.	Vocational Training Project	Livelihood Enhance-ment Project	Yes	Gujarat	Bharuch	1 Year	20.00	20.00	....	Yes	NA
5.	Mobile Medical Van Project	Health Care Project	Yes	Gujarat	Bharuch	1 Year	6.60	6.60	....	Yes	NA
6.	Aashirwad Recreation centre for el-derly people	Promoting facilities for Senior Citizens	Yes	Gujarat	Bharuch	1 Year	1.49	1.49	....	Yes	NA
7.	Support during COVID-19	Preventive Health Care, Disaster Management	Yes	Gujarat	Bharuch	1 Year	8.10	8.10	....	Yes	NA
8.	Development Activities in Narmada Motlabai Public School	Promoting Education	Yes	Gujarat	Bharuch	1 Year	50.00	50.00	....	Yes	NA

Amount (in ₹ Lakhs)

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project Duration.	Amount allocated for the project	Amount spent in the current 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	
				State	District						Name	CSR Registration Number
(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
9.	Swachchh Bharat Abhiyan (Distribution of Narmada Neem Soap)	Rural Development, Preventive Health Care & Sanitation	No	Gujarat, UP, MP, Maharashtra, Rajasthan, Punjab	Various district of Gujarat, UP, MP, Maharashtra, Rajasthan, Punjab	1 Year	60.00	49.68	....	Yes	NA	
10.	Development Activities in Narmada Vidyalaya	Promoting Education	Yes	Gujarat	Bharuch	1 Year	9.00	9.00	....	Yes	NA	
	Total						**439.19**	**329.45**				

(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 21.

Amount (in ₹ Lakhs)

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (₹ Lakhs)	Mode of Implementation-Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number
(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)
1.	Construction of first floor of Rahiyad Gram Panchayat Building.	Rural Development	Yes	Gujarat	Bharuch	26.29	Yes	....	....
2.	Interior Learning Aid for Rahiyad Village Anganwadi.	Rural Development	Yes	Gujarat	Bharuch	2.15	Yes	....	....
3.	Providing Children Play and Exercise Units in nine (9) Villages of Bharuch and Dahej.	Rural Development	Yes	Gujarat	Bharuch	79.56	Yes	....	....
4.	Resurfacing of bituminous road and storm water drain in Vadadla Village.	Rural Development	Yes	Gujarat	Bharuch	92.00	Yes	....	....
5.	Paver Blocks & wire fencing in nearby Villages of Bharuch & Dahej	Rural Development	Yes	Gujarat	Bharuch	19.68	Yes	....	....
6.	Children Play & Exercise Unit in Govt. School of Rural areas	Rural Development	Yes	Gujarat	Bharuch	28.13	Yes	....	....
7.	Support to Derol School for Renovation	Rural Development	Yes	Gujarat	Bharuch	3.85	Yes	....	....

Amount (in ₹ Lakhs)

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (₹ Lakhs)	Mode of Implementation-Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number
(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)
8.	Development Activities in Narmada Vidyalaya	Promoting Education	Yes	Gujarat	Bharuch	100.00	Yes	…….	…….
9.	Development of NEST College	Promoting Education	Yes	Gujarat	Bharuch	190.53	Yes	…….	…….
10.	Support to Sewa Rural, Jhagadia	Promoting Education	Yes	Gujarat	Bharuch	6.80	Yes	…….	…….
11.	Up-gradation of Existing Anganwadi to Smart Anganwadi	Promoting Education	Yes	Gujarat	Bharuch	22.00	Yes	…….	…….
12.	Support to Tapovan Sanskar Kendra for fixing of Paver Block & Development of Skating Ground	Promoting Education	Yes	Gujarat	Bharuch	5.00	Yes	…….	…….
13.	Support to Mansi Vikas Sansthan (Model Agro Processing Unit)	Livelihood Enhancement Project	No	Gujarat	Narmada	12.00	Yes	…….	…….
14.	Providing Rapid Antigen Kit to District Administration	Preventive Health Care	Yes	Gujarat	Bharuch	10.00	Yes	…….	…….
15.	Support to Seva Yagna Samiti	Preventive Health Care	Yes	Gujarat	Bharuch	10.03	Yes	…….	…….
16.	Support to Akshaya Patra Foundation	Preventive Health Care	No	Gujarat	Vadodara, Surat	13.57	Yes	…….	…….
17.	Support to Sevashram Hospital, Bharuch	Preventive Health Care	Yes	Gujarat	Bharuch	15.00	Yes	…….	…….
18.	Support to Bharuch District Administration for the development of Matariya Lake	Environmental Sustainability	Yes	Gujarat	Bharuch	10.00	Yes	…….	…….
19.	Support to CM Relief Fund to fight against COVID-19	Preventive Health Care	No	Gujarat	Gujarat State as a whole	1000.00	Yes	…….	…….
	Total					**1646.59**			

(d) Amount spent in Administrative Overheads – ₹ **0.50 crores.**

(e) Amount spent on Impact Assessment, if applicable- **NA.**

(f) Total amount spent for the Financial Year(8b+8c+8d+8e) – ₹ **20.26 crores.**

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (₹ Crores)
i.	Two percent of average net profit of the company as per section 135(5)	16.01
ii.	Total amount spent for the Financial Year	20.26
iii.	Excess amount spent for the financial year [(ii)-(i)]	4.25
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.00
v.	Amount available for set off in succeeding financial years [(iii)-(iv)]	4.25

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (₹ crores)	Amount spent in the reporting Financial Year (₹ crores)	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. (₹ crores)
				Name of the Fund	Amount (₹ crores)	Date of transfer	
1.	FY 18	--	8.38	--	--	--	Nil
2.	FY 19	--	3.51	--	--	--	Nil
3.	FY 20	--	4.20	--	--	--	Nil
	Total	**---**	**16.09**	**--**	**--**	**--**	**Nil**

(b) Details of CSR amount spent in the financial year for ongoing Projects of the precedingfinancial year(s):

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

10. In case of creation or acquisition of capital asset, furnish the details relating to theassetso 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 capitalasset. **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)

Smt. Gauri Kumar, IAS (Retd.)
(Chairperson CSR Committee)

ANNEXURE - B

BUSINESS RESPONSIBILITY REPORT – 2020-21

SECTION - A : GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L24110GJ1976PLC002903
2.	Name of the Company	Gujarat Narmada Valley Fertilizers & Chemicals Limited
3.	Registered Address	P.O: Narmadanagar - 392 015, District: Bharuch, Gujarat
4.	Website	www.gnfc.in
5.	E-mail id	investor@gnfc.in
6.	Financial Year reported	2020-21
7.	Sector(s) that the Company is engaged in (industrial activity code-wise) (As per National Industrial Classification – Ministry of Statistics and Programme Implementation)	
	Industrial Group	Description
	201	Manufacture of basic Chemicals, Fertilizers and Nitrogen Compounds.
	202	Manufacture of other Chemical products.
	631	Data processing, hosting and related activities, web portals.
	639	Other information service activities.
	620	Computer Programming, Consultancy and related activities.
8.	List three key products / services that the Company manufactures / provides (as in balance sheet)	• Neem Urea. • Toluene Di-Isocynate (TDI). • Acetic Acid.
9.	Total number of locations where business activity is undertaken by the Company.	
	1. Number of International Locations	Nil
	2. Number of National Locations	Four : **Bharuch :** P.O.: Narmadanagar – 392 015. District: Bharuch. **Dahej:** Plot No. D-II/8, Dahej-II Industrial Estate, At & Po: Rahiyad, Taluka: Dahej, District: Bharuch. **Ahmedabad:** GNFC Infotower, 3rd Floor, Bodakdev, Gandhinagar-Sarkhej Highway, Ahmedabad - 380 054 **Gandhinagar:** GIFT City, 14th Floor, GIFT One Tower, Road 5-C, Zone-5, Gandhinagar – 382 355.
10.	Markets served by the Company – Local / State / National / International	The Company sells its products in Domestic and International Markets.

SECTION - B : FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	₹ 155.42 crores
2.	Total Turnover (INR)	₹ 5,128.69 crores
3.	Total Profit After Taxes (INR)	₹ 689.21 crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹ 20.26 crores (2.53% of the Average Net Profit for the last three financial years).
5.	List of activities in which expenditure in 4 above has been incurred:-	
	1. Women Empowerment	
	2. Rural Development	
	3. Promoting Education	
	4. Livelihood Enhancement Project	
	5. Preventive Health Care	
	6. Promoting facilities for Senior Citizens	

SECTION - C: OTHER DETAILS

1	Does the Company have any Subsidiary Company? Yes. The Company has one Wholly Owned Subsidiary viz. Gujarat Ncode Solutions Limited. As the Company has not commenced its business operations, the Company filed an application to the Registrar of Companies for removal of its name from the Register of Companies in terms of Section 248(1) of the Act and the same is under process.
2	Do the Subsidiary Company participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s). No. The Company's Subsidiary Company has so far not commenced its business operations.
3	Do any other entity / entities (e.g. suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%] No. However, the Company would like to deal with the parties / entities, who have willingness to be the part of BR initiatives.

SECTION – D : BR INFORMATION

1. Details of Director / Directors responsible for BR

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

DIN : 01532892.

Name : Shri Pankaj Joshi, IAS

Designation : Managing Director.

(b) Details of the BR Head.

Sr. No.	Particulars	Details
1	DIN Number	01532892
2	Name	Shri Pankaj Joshi, IAS.
3	Designation	Managing Director.
4	Telephone number	02642-247129.
5	E-mail id	md@gnfc.in

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

The National Voluntary Guidelines provide the following nine principles.

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

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for. (Please refer Relevant Notes given below this table)	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	While there may not be formal consultation with all stakeholders, relevant policies / procedures have been evolved over a period of time by taking inputs from concerned stakeholders.								
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The spirit and contents of the Policies, laws and standards are based on and are in compliance with applicable Regulatory requirements.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board of Directors?	Yes. The Policies which are statutorily required to be approved by the Board have been approved by the Board. The Company's Internal Policies like Safety Policy, Environment Policy etc. are signed by Managing Director or by Authorized signatory(ies).								
5.	Does the Company have a specified Committee of the Board / Director / Official to oversee the implementation of the policy?	The Board has constituted specified Committees to review / oversee the implementation of Statutory Policies. The Company's Officials / concerned Department(s) oversee the implementation of internal Policies.								
6.	Indicate the link for the policy to be viewed online?	1) Corporate Social Responsibility Policy.				https://www.gnfc.in/wp-content/uploads/2021/04/CSR-Policy-Revised_17-05-2021.PDF				
		2) Dividend Distribution Policy.				https://www.gnfc.in/wp-content/uploads/2021/04/Dividend-Distribution-Policy.pdf				
		3) Nomination and Remuneration Policy.				https://www.gnfc.in/wp-content/uploads/2021/04/GNFC-NRC-Policy_11815.pdf				
		4) Vigil Mechanism and Whistle Blower Policy.				https://www.gnfc.in/wp-content/uploads/2021/04/Vigill-Mechanism-Cum-Whistle%20Blower-Policy_21102014.pdf				
		5) Policy on Related Party Transactions.				https://www.gnfc.in/wp-content/uploads/2021/04/Related-Party-Transactions-Policy.pdf				
		6) Policy for Determination of Materiality of Events / Information.				https://www.gnfc.in/wp-content/uploads/2021/04/GNFC_Policy-forDetermination-ofMateriality_27116.pdf				

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
		7) Code of Conduct for the Board of Directors.				https://www.gnfc.in/code-of-conduct/				
		8) Code of Conduct for Sr. Management Personnel.				https://www.gnfc.in/code-of-conduct-for-senior-management/				
		9) Code of Conduct for prevention of Insider Trading in Securities of the Company.				https://www.gnfc.in/wp-content/uploads/2021/03/COC-for-Insider-Trading-dat.pdf				
		10) Code of Practices and Procedures for fair disclosure of unpublished price of sensitive information for prevention of insider trading.				https://www.gnfc.in/wp-content/uploads/2021/07/PITR-Fair-Disc-Code.pdf				
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	During the course of business discussions / negotiations / interactions with internal and external Stakeholders, the contents of the Policies are discussed. The Communication of statutory Policies is done through display on Company's website.								
8.	Does the Company have in-house structure to implement the policy/ policies?	Adequate in-house structure is available for implementation of the Policies.								
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes. For redressal of Stakeholders' grievances, the Company has a designated e-mail ID investor@gnfc.in.								
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes Independent Audit / Evaluation for some Policy(ies) is / are carried out by external Agency e.g. Safety and Environmental Audit, Audit of ISO 14001, ISO 45001 and ISO 50001.								

Notes for Column No. 1 of above Table:

P-1 Note 1: This forms part of the Service Rules / Guidelines / Procedures of the Company, which are applicable to all Employees across the Company. Besides, the Company has in place Vigil Mechanism-cum-Whistle Blower Policy for Directors and Employees to report their genuine concerns and provide for adequate safeguards against victimization of persons, who use such Mechanism.

The Company has also in place a separate Code of Conduct (CoC) for Directors and Senior Management Personnel, which inter-alia provides observance of highest standards of ethical conduct and integrity and work to the best of their ability and judgment.

P-2 Note 2: As such, there is no formal policy for products life cycle sustainability, however, the Company follows all the good practices in respect of products life cycle sustainability in consonance with Generally Accepted Principles.

P-3 Note 3: The Company has formulated certain Internal Policies, Rules, Welfare Schemes for the well-being of Employees, which inter-alia includes Medical Rules, Policy on prevention of Sexual Harassment of Woman at work place, TA/HA Rules, issuance of welfare items, implementation of Suggestion Scheme, organizing In-House Training Programmes, Cultural Programmes, Regular Medical check-ups etc.

P-4 Note 4: The Company has devised Policies / Procedures / Rules for various Stakeholders aligning with Generally Accepted Principles of Business and Governance framework. This takes care of interest of various Stakeholders.

P-5 Note 5: This forms part of Standing Orders and Company's Service Rules applicable to All Employees. The Company is committed for upholding the human rights of all its internal / external Stakeholders. The Company has a system in place for registration of vendors for supply of raw materials / equipment / Machinery etc. and has Dealers Network for sale of finished products.

P-6 Note 6: The Company has framed Environment & Energy Policy in accordance with the Energy Conservation Act, 2001 and Rules and Regulations related to Environment.

P-7 Note 7: As such, no specific policy has been designed. However, major aspects of this principle are covered under Procedures / Systems established by the Company for marketing of its various Products in the Market.

P-8 Note 8: The Company has framed Corporate Social Responsibility (CSR) Policy in accordance with the provisions of the Companies Act, 2013.

P-9 Note 9: The Company has in place "Purchase Procurement Manual" as also marketing Procedures / Guidelines for marketing of its various Products in the Market including Government Policies on sale of Fertilizers across all customers, which takes care of certain aspects of this principle.

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

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

3. Governance related to BR.

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

- The Board of Directors periodically reviews / assesses the operational, financial and marketing performance, etc., of the Company directly as well as through various Committees of the Board. The CSR Committee review implementation of CSR Projects / Programmes / Activities to be undertaken through its CSR Arm i.e. Narmadanagar Rural Development Society (NARDES). Risk Management Report is reviewed by Audit Committee / Board of Directors / Risk Management Committee.

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

- In compliance with SEBI (LODR) Regulations, 2015, the Business Responsibilities Report (BRR) is published as an Annexure to the Board Report annually, forming part of the Annual Report.

SECTION – E : PRINCIPLE-WISE PERFORMANCE

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

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs /Others?

   The Company's various Policies relating to ethics, transparency and accountability cover only the Company and it does not extend to joint venture, suppliers, contractors and others.

   The details of some of the Policies are summarized below:

   - The Company has in place a "Vigil Mechanism-cum-Whistleblower Policy" to provide a formal mechanism to the Directors and Employees of the Company to report their genuine concerns about the unethical behavior, actual or suspected fraud etc. The mechanism provides for adequate safeguards against victimization of employees, who use such mechanism.
   - The Company has also in place "Code of Conduct for Board Members and Senior Management Personnel", which sets ethical standards and provide guidance and help in recognizing and dealing with ethical issues and to help foster a culture of honesty and accountability.
   - In order to further strengthen internal controls for prevention of insider trading, there exists a Code of Conduct for prevention of Insider Trading in Company's shares, which not only satisfy the Regulatory requirements but also instills a sense of responsibility amongst the designated employees / persons.
   - The Company has "Code of Practices and Procedures for fair Disclosure of Unpublished Price Sensitive Information" (UPSI) with the main object of ensuring timely and fair disclosure of UPSI, events, occurrence that could impact share price of Company's shares in the market.

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

   - During FY 21, the Company received 10 (Ten) complaints from the Investors mainly with regard to non-receipt of Dividend, Annual Report, Issue of Duplicate Share Certificates, Transmission of Shares etc. All the complaints were resolved to their satisfaction.

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

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

   - Neem coated Urea and Ammonium Nitrophosphate.
   - Toluene Di-Isocynate.
   - Ammonium Nitrate.

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

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

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

   The details as to Energy Conservation, saving and utilization of alternate sources of Energy, Technology Absorption, Research and Development etc. are furnished in Annexure-C to the Directors' Report forming part of this Annual Report.

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

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

   Few major activities of sustainable sourcing are mentioned hereunder:

   - The Company is continuously initiating various measures towards sustainable sourcing, which has significant impact on social and environmental aspects. The Company enters into long term contracts with parties for sourcing its major feedstock/Key inputs requirements such as Natural Gas, Rock Phosphate, Coal, Fuel Oil, Toluene, Benzene, Caustic Soda, Chlorine etc. For procurement of other raw materials, the Company has a system in place for on-line registration of Vendors, Suppliers and based on their capabilities, the parties are shortlisted for procurement of raw materials. The Company also enters into Annual Rate Contracts (ARCs) with parties so that inputs are available on sustainable basis.

- The Company's multi-dimensional Socio-Economic Neem Project with backward integration of Neem Oil production has created shared value amongst rural and urban poor people through collection of Neem Seeds, empowering such communities with targeted focus on women empowerment by income generation and improved livelihood. Besides, many people have been benefitted by indirect employment through this Project. As a forward integration, the Company sells various Neem based products like Soaps with different variants, Shampoo, Hand Wash, Face wash etc. in the Market.
- The Company's various manufacturing Plants are integrated with each other. The finished product of one Plant is the raw material for another Plant. Thus, by virtue of forward and backward integration, consistent supply of raw material / inputs is made available within the Company.

  With a view to reducing the dependency on the single source of supply of key inputs on long term basis, actions have been initiated to develop alternate sources of supply in Domestic and International Market to ensure smooth Plant operations and to avoid heavy Financial burden on the Company.
- Transportation Contracts for supply of Raw materials and Finished goods are awarded on Annual basis by following the due process of selection of parties by the Company.

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

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

   - Yes. The Company's requirements of Packaging materials, Chemicals, Equipments / Machinery / Office stationery / Vehicles etc., are procured / sourced from local and small producers / vendors / parties within the vicinity of District and State. In order to sustain the business of small new producers, the Company provides Business opportunity for their growth by placing trial orders without compromising on the quality. Further, opportunities are given to them to execute the large orders, after ensuring their capabilities.
   - During Annual Plant shutdown and interruptions, maintenance / replacement jobs / repairing or overhauling of various equipment's, machinery, etc. are executed through local service providers.
   - Considering the expertise, experience and credit worthiness / track record of the contractors, tenders are invited to carry out specific jobs in the Plants on ARC basis such as loading ~ unloading of fertilizers, Electrical and Mechanical and stray jobs, supply of Manpower etc. After following due process of selection, the contracts are awarded to carry out various Maintenance and specific jobs.

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

- The Company has installed steam stripper for recovery and reuse of valuable organics coming along with the effluent of Aniline group of Plants. Around 479 m3/year organics having more than 90% purity is recycled back to the Nitrobenzene Plant, which increases the Nitro Benzene production as well as reduces 90% Chemical Oxygen Demand in effluent going for further treatment.
- The Company had installed Yellow Water Concentration Unit for total recycle and reuse of 40 m3/day yellow waste water generated from Di Nitro Toluene (DNT) Plant, which was incinerated in TDI Incinerators. After implementation of this scheme, hazardous waste generation and emission from TDI Incinerators has reduced significantly.
- Treated effluent is re-used in Lime Slurry preparation and Ash Slurry preparation in Effluent Treatment Plant (ETP) and Boiler Area (total 3000 m3 per day). In Acetic Acid Plant, reuse of spent catalyst in Reactor resulted into saving of fresh catalyst.
- On environment front, Nitrophosphate Group of Plants utilize significant discontinuous effluent in ANP Plant by recycling it and thereby saving valuable nutrients and at the same time improving environment management.
- Wet Scrubbing System is installed in Nitrophosphate Plant for dust scrubbing and recovery back to process. A facility is installed to recycle Hydrolyser Effluents Water in Ash Slurry preparation and use in Nitrophosphate Plant as a Seal Water.
- In Neem Plant, after extracting the Neem oil from the Neem seeds, the Neem cake is processed as Neem Manure, which is very much useful to the farmers in the fields.

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

1.	Total number of employees.	2775
2.	Total number of employees on temporary / contractual / casual basis.	271
3.	Number of permanent women employees.	64
4.	Number of permanent employees with disabilities.	19
5.	Do you have an employee association that is recognized by management?	Yes. GNFC Employees' Union.
6.	Percentage of permanent employees who are members of recognized employee association?	60.78%

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

Sr. No.	Category	No. of complaints filed during F.Y.	No. of complaints pending as at end of F.Y.
1.	Child labour / forced labour / involuntary labour.	Nil	Nil
2.	Sexual harassment.	Nil	Nil
3.	Discriminatory employment.	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?
   - (a) Permanent Employees : 46.77%
   - (b) Permanent Women Employees : 26.56%
   - (c) Casual / Temporary / Contractual Employees : 35.82%
   - (d) Employees with Disabilities : 26.31%

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

1. Has the Company mapped its internal and external stakeholders? Yes/No.
   - Yes, the Company has identified and mapped its Stakeholders for engagement.
   - The Company has embarked the journey towards sustainability with the objective of building a sustainable business while generating long term value for its stakeholders since its inception. The Company believes that its corporate strategy is inspired by the opportunity to contribute to a more secured and sustainable future through stakeholders engagement. The Company continues its engagement with them through various mechanisms such as consultation, suppliers / vendors meet, customer / employee satisfaction etc.
   - The Company believes that Employees are the Asset of the Company. The Company value their dedication and discretionary efforts put-in by them and always make an endeavor to provide safe, healthy, cultured environment and acknowledge their strength and loyalty towards the Company.
   - Customers / Consumers are the life blood of the business and the Company provides quality goods / products and valued services to them.
2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?
   - Yes. The Company proactively engage with its stakeholders through different modes in order to understand their issues and concerns.
   - The Company has its CSR intervention in the areas like Education, Health care, Rural Infrastructure, sanitation and Self-employment generation, Vocational Skills, Empowerment of women and youth, Environment sustainability, Protection and Development of National Heritage, Art & culture, Public libraries etc.
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.
   - While developing CSR strategy, the Company has ensured that all communities benefit from CSR activities with special focus on groups that are socially and economically marginalized including rural unemployed youth, women, scheduled castes and tribes.

- The Company has framed a Policy for providing employment to the land losers, whose land was acquired for establishing various Projects. As per the said Policy, the Company provides employment opportunity.

Principle-5 : Businesses should respect and promote human rights.

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?
   - The term 'Human Rights' covers a host of aspects including freedom of association, collective bargaining, non-discrimination, gender equality, avoidance of child and forced labour among others.
   - The concept of equality of human beings irrespective of caste, creed, religion, gender etc. has been the basic principle on which the business of GNFC is based on. Human Rights are very well weaved with Code of Conduct for Board of Directors and Senior Management Personnel. Existing Human Resource related practices / procedures respect and promote Human Rights. Some of the points like prohibition of child labour and forced labour and workers' right to information are of special importance. These practices are applied at the Company.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?
   - Please refer Point No.2 at Principle -1 of this Report.

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

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.
   - The Company's Environment Policy is applicable to all the agencies connected to business with it and extends to the Suppliers, Contractors, etc. The Company practices Quality, Environmental, Health and Safety (QEHS) Policy to ensure safe working environment for the employees and affiliated people.
2. Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage, etc.
   - The Company has taken initiatives to address Global Environmental issues such as climate change, global warming, etc. The Company is committed to satisfy its social obligations and has made consistent and effective endeavors for creating better environmental conditions through abatement of pollution and adopting sustainable development practices. With the objective of combating climate change, the Company aligns its business objectives with practices of resource conservation and environment protection. Regular technological initiatives are pressed into service with great vigor to improve and retain the purity of air, water and soil. The Company has always remained in forefront to make the Company green and clean by Landscaping, development of large beautiful gardens within the Office complex and in residential colony and massive green belts.
   - Global environmental issues like global warming are being addressed in Register of Environmental Aspect and Impact under ISO 14001 System.
3. Does the Company identify and assess potential environmental risks? Y/N.
   - The Company has identified and assessed potential environmental risks and consistently managed and improved the environmental performance. The Company is sensitive to its Role both as a user of natural resources and as a responsible producer of Fertilizers & Chemicals based products for Society at large. Over the last four decades, Company's efforts to manage water, energy and material resources have yielded positive results. The manufacturing facilities have established ISO 14001 based Environment Management System. Any deviations from laid down Policies and procedures are tracked and reviewed by effective procedures of corrective actions and preventive action. The Company has installed online continuous monitoring of Treated effluent discharge parameters, ambient air and stack air emissions for efficient and better control of pollution. Phosgene, CO, Chlorine, Hydrogen, Gas Detectors are also installed in various process Plants for monitoring of gaseous emissions at source for better control and implementation of proactive measures.
4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
   - GNFC's Clean Development Mechanism (CDM) initiatives bear testimony to the drive to reduce greenhouse emissions.

The Company had implemented Project under CDM for its WNA-I Plant, which helped in reducing the emission of N2o, which is highly harmful gas and bears a global warming potential. The CDM Project was registered with the United Nations Framework Convention on Climate Change (UNFCCC). The Company has been able to convert the harmful N2o into N2 by using a special catalyst in the reactor of WNA.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.
   - Continual adoption of new Technologies and up-gradation in the existing Plant processes is done for energy efficiency, resource conservation and reduction of pollution potential. Use of Renewable Energy like Wind and Solar is encouraged at all levels of energy production phases.
   - The Company has been in the forefront in utilizing alternative sources of energy. In this regard, 21 MW of Wind Power Project has been set up in the Kutch Region. Further, Solar Photo Voltaic Power Generation Systems, having total capacity of 300 kW has also been installed at various locations within Company's premises. The Company is implementing 10 MW Solar Power Generation Project at Gujarat Solar Park, P.O.: Charanka, Dist.: Patan, Gujarat.

     The Company has been in the forefront in utilizing alternative sources of energy. In this regard, following renewable energy projects have been completed / under active consideration.

     1. 21 MW wind power plant in operation at Kutch, Gujarat
     2. 300 KW rooftop mounted solar photo voltaic power unit in operation at Bharuch, Gujarat
     3. 10 MW ground mounted solar photo voltaic power plant commissioned on 17-11-2020 at Gujarat Solar Park, Charanka, Dist.: Patan, Gujarat
     4. 4 MW ground mounted solar photo voltaic power project under active consideration at Gujarat Solar Park, Charanka, Dist.: Patan, Gujarat

6. Are the Emissions/Waste generated by the Company within the permissible limits given by Central Pollution Control Board / State Pollution Control Board (CPCB/SPCB) for the financial year being reported?
   - The Company considers compliance to statutory Environment, Health, Safety (EHS) requirements as the minimum performance standard and is committed to go beyond and adopt stricter standards, wherever appropriate.

7. Number of show cause / legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as at end of Financial Year.
   - No show cause/legal Notices from CPCB/SPCB are pending at the end of the Financial Year.

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

1. Is your Company a Member of any Trade and Chamber or Association?

   If Yes, Name only those major ones that your business deals with:
   - The Company is Member of various Industry Associations, major ones are - (a) Fertilizer Association of India (FAI) (b) Federation of Gujarat Industries (c) Dahej Industrial Association (d) Gujarat Safety Council (e) National Safety Council (f) Safety, Health and Environment Association (g) Gujarat Chamber of Commerce & Industry (h) Gujarat Chemical Association and (i) All India Management Association.

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others).
   - No. However, the Company is actively involved in debates and discussions related to public policies of fertilizer industries at the FAI Forum. The Company regularly participates in various industry forums, shares insight and present view point on issues related to business, environment and society. The Company represents and provides full support to associations / forums for various policy related issues which are common and in the interest of fertilizer industry at large.

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

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

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.

The CSR Committee of Directors constituted as per law specifically review CSR Projects / initiatives implemented / to be implemented and provides Budget for the same.

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures /any other organization?
    - CSR Programmes / Projects / Activities are normally undertaken through Company's CSR wing i.e. Narmadanagar Rural Development Society (NARDES).
3. Have you done any impact assessment of your initiative?
    - The team of Company's CSR wing i.e. NARDES and outside agencies carry out impact assessment in selected CSR Projects.
4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?
    - During the FY 21, the Company has spent ₹ 20.26 crores as CSR expenditure for undertaking various CSR Projects / activities. (Such as The Neem Project- Rural Women Empowerment Project, Digital Initiative on Social Media- Youth Employment Generation, Swachchh Bharat Abhiyan, Development activities in nearby areas of Bharuch & Dahej, Children Play & Exercise Unit in Govt. School of Rural areas, Support to Derol School for Renovation, Up-gradation of Existing Anganwadi to Smart Anganwadi etc.)
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.
    - The Company designs the Projects / programmes in such a manner that community is able to successfully adopt the Project at ground level. The Company's senior officials, Project Implementation Team, regularly conduct meetings with Project Beneficiaries, Community Representatives / Leaders to ensure that these Projects are handled by the community, once the Company exits from the Projects.

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

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

ANNEXURE - C

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO FOR FY 2020-21

[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

Company framed its energy policy in February, 2005 in accordance with Energy Conservation Act (EC Act 2001) & the same is in force.

The company also complies the regulation formed by Bureau of Energy Efficiency (BEE), Min. of Power under Perform Achieve Trade (PAT) mechanism.

The company has carried out Pre-Certification Audit for ISO-50001 Energy Management System. Its Final Certification Audit is scheduled in 1st week of May, 2021.

Details of various energy saving Measures / Schemes implemented during the year are as given below:

a) Township:

- Total 50 nos. of 150W Metal Halide floodlights were replaced by energy efficient 90W LED floodlights in Township for energy saving purpose. The total investment cost for the same is ₹ 99,904. By this measure, estimated annual energy saving is 10,800 kWh.

b) HyCO and Utility plant, Dahej:

- Installation of Loader/Unloaders in CO2 compressor. Investment cost was ₹ 2.94 crores. The maximum estimated annual energy saving is 4,60,800 kWh (considering the CO2 compressor running at 50 % load).

c) Electrical System, Dahej:

- By conversion of various old conventional light fittings into energy efficient LED fittings, total power saving of 371187 kWh was achieved. The total investment cost was ₹ 0.14 crores.

d) Electrical System, Bharuch:

- By conversion of various old conventional light fittings into energy efficient LED fittings, total power saving of 243666 kWh was achieved by Electrical dept. The total investment cost was ₹ 0.42 crores.

e) Steam Trap and Insulation Survey:

- Steam traps and insulation survey carried out in various plants. Corrective actions with standard specification of traps are planned to reduce steam leakage improve reliability & maintainability.
- Procurement of 178 nos. of latest technology Compact Module steam trap assemblies done for Ammonia and Methanol-II plants for reducing steam losses. Total investment cost is ₹ 0.18 crores.

f) Formic Acid Plant:

- During the year, total 12,47,573 kWh energy is generated by Energy Conservation turbine installed in Formic Acid plant.

Energy Measures under implementation:

a) Ammonia Plant:

Three major Energy saving schemes will be implemented in April, 2021 shutdown.

- Modified Syn. Gas compressor installation with all stage strainer replacement. Revamp of Syn. Gas Compressor in Ammonia Plant, expected annual HP steam saving of 1,02,955 MT.
- Replacement of Reactor inlet and Reactor Cold shot control valves by higher size valves. This would result into estimated annual equivalent HP steam saving of 4,000 MT.

- Conversion of Ammonia refrigeration compressor condensers from Four pass to Two pass system. This would result into estimated annual equivalent steam saving of 8,800 MT.

b) Urea Plant:

- Installation of new Carbamate ejector: This modification will increase safety & reliability of the plant, as HP ammonia pump discharge pressure expected to decrease by @ 10 kg/cm2 (from 250 to 240 kg/cm2). The expected annual energy saving by this scheme would be 4,00,000 kWh.
- Installation of Cooling Tower 5th Cell: The expected benefit is reduction of Cooling Water supply temperature by around 1°C resulting into annual steam saving of around 5,000 MT considering 6 months of operation.

c) ANI-TDI complex:

- Installation of Energy conservation turbine (ECT) on Aniline/ TDI plant HP let-down station. Necessary tappings and interconnections will be taken in Annual Shutdown. Estimated annual power generation potential will be 75,24,000 KW.

d) HyCO and Utility plant, Dahej:

- RF Brine primary pumps impeller trimming. The estimated annual energy saving of 1,22,400 kWh.
- Installation of new Raw Water pump of rated capacity 150 m^3/h. The estimated annual energy saving is around 2,18,662 kWh.
- Use of Boiler blow-down flash steam in Deaerator. The envisaged annual equivalent HP steam saving is 2016 MT.

e) TDI-II Wet section, Dahej:

- Provision of Dehydration Column Feed Pre-heater using waste heat from the product MTD stream. The envisaged annual HP steam (at 35 Barg pressure and 250 °C temp.) saving is 2,772 MT.

f) TDI-II Dry section, Dahej:

- Replacement of high pressure existing pump ODCB pump of Primary ODCB recovery section with low pressure pump for energy saving. The estimated annual power saving is around 4,89,600 kWh.

g) Township Admin Office:

- It is planned to replace around 150 nos. high power consuming Metal Halide floodlights by energy efficient suitable LED floodlights and procurement action for the same has also initiated through MM Dept.

h) Electrical System, Bharuch:

- Total power saving of 6,07,412 kWh has been planned by Electrical dept. by replacing old conventional light fittings with energy efficient LED fittings. The total estimated cost would be ₹ 0.76 crores.

i) Electrical System, Dahej:

- Replacement of old conventional Metal Halide lamps by energy efficient LED lamps. The total investment cost is ₹ 0.29 crores. The total estimated annual power saving is 4,46,067 kWh.

(ii) The steps taken by the Company 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. During the year, 10 MW solar project at village Charanka was commissioned on 17/11/2020. In all 79,19,399 kWh of power was generated from solar plants during the year.
- Total installed capacity of Wind Power Turbo Generators is 21 MW. During the year, total 2,30,07,557 kWh of power was generated from wind mills.

(iii) Capital investment on Energy Conservation Equipments:

- The company made total capital investment of ₹ 3.69 crores on energy conservation measures.

(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 plant problems, and reliability to sustain productivity and improving plant performance.

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

As a result of above measures, there has been improvement in plant safety reliability, performance and cost reduction.

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

- In Ammonia Synthesis section, old catalyst basket of Series-200 was replaced by new Series-300 catalyst basket supplied by M/s. HTAS, Denmark. The technology has been successfully absorbed.
- In Urea Reactor, replacement of Static Mixer with Vortex Mixer supplied by M/s. NIIK, Russia.

RESEARCH & DEVELOPMENT:

GNFC's R&D centre received renewal of Recognition as In- House R&D Centre by the Department of Scientific & Industrial Research of GoI, valid up to 31st March, 2024.

1. Specific R&D assignments and benefits:

Research work carried out in areas of Import substitutes, Value added products from existing products and by products, fertilizers, new catalyst development etc. to fulfil Atma Nirbhar Bharat call by Hon Prime Minister.

1) R&D scale process development for multiple value added products using 100% captive Industrial chemicals and byproduct Lime to manufacture Calcium Acetate, Calcium Nitrate of Industrial, Fertilizer, Food and Pharma grades was taken forward.
2) During the year In-House R&D successfully developed Industrial grade Calcium Acetate. Calcium Acetate is used as industrial grade and Food / pharmaceutical grade formulations in the market. Also used in wastewater treatment, pharmaceuticals, consumer goods, and chemical industries as detergents, soaps, and pharmaceuticals. As phosphate binder for the treatment of hyperphosphatemia, in anti-epileptic drugs, Acidity regulator etc. In foods like Candy, Cheese, Breads, Baked food, Snack food, Pet products.
3) 100% water soluble fertilizer Calcium Nitrate successfully developed comparable to MNC brands and it is meeting FCO standards. It is a quality nutrient that enhances yield quality and prolongs shelf life.
4) Calcium Nitrate Industrial Grade developed is used in Latex Gloves Manufacture as a coagulant, explosive materials, Fillers, fuel additives, Functional fluids, Intermediates, Odor agents plating agents, surface treating agents and Process regulators.
5) Studies completed on the use of DM water, mixture of DM water and RW & Steam condensate in place of Filter water (RW) in DNT washing section of TDI plant.
6) Experiments initiated to reduce Propionic Acid in Acetic Acid process.
7) The experiments were carried to recovery of Ethyl acetate and Acetic acid with separation of iso-Amyl acetate from the reactor solution. The recovery of 90% Ethyl Acetate and 85% Acetic acid is observed with separation of 90% iso Amyl Acetate and 60% iso Butyl Acetate, pilot scale up is considered.
8) Reduction and Recycling of water for separation of higher esters (Iso- Amyl Acetate) from Ethyl Acetate (EA) Process, pilot scale up is considered.
9) Studies started for COD reduction for treatment of Red water effluent from DNT Plant of TDI.

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

1) Methyl Formate Hydrolysis Resin Bed technology developed by In-House R&D is being implemented on full commercial scale in Formic Acid revamp.
2) Value added products developed are import substitutes & forward integration of existing business.

3) Under guidance of R&D, prepared H2S removal catalyst chemicals 80,350 Kg by Batch manual process as import substitute commercial supply to India's largest SRU.

4) Prepared liquid fertilizer UAN 32 as per FCO from Captive products.

5) Separation of Higher esters will improve process efficiency and reduction in down time.

6) Environment improvement benefits.

7) Prepared UV Fluorescent chemical for tracing Corrosion.

8) Analysis of undissolved solids in solution prepared from spent precious metal catalyst before charging regenerated catalyst to plant Reactor.

9) Reduction in down time and improve catalyst performance.

3. Future Plan of Action:

1) To develop multiple Import substitutes and Value added products and Process for Calcium Formate, Potassium Diformate, Tolyltriazole using 100% captive chemicals and Byproducts.

2) To develop new and alternative Catalyst for In- House captive use in manufacturing Industrial Products.

3) To develop process for TDI based hardner and other value added products.

4) Import substitute Self catalyzed Polyol for Rigid Foams from Byproduct.

5) To scale up the Process & Value added products to Pilot stage.

6) To develop alternate green catalyst to replace corrosive catalyst in Ethyl Acetate Process.

7) To modify process to reduce and utilization of NOx to manufacture value added product.

8) To manufacture 80,000 ~ 200,000 Kg of proprietary H2S removal Catalyst.

9) To develop Bio polyols from Natural Oils.

10) To explore alternate routes of Formic acid and Acetic Acid manufacturing process.

11) To explore and develop Food/Feed grade Urea, Nitric Acid Formic Acid, Acetic Acid

12) Augment facility for TDI Applications demonstrations.

13) Augment facility for Catalysts development.

14) To provide technical services / guidance to various plants.

4. Expenditure on Reasearch and development:

(₹ Crores)

No.	Nature of Expenditure	FY 21	FY 20
1.	Capital Expenditure	**0.00**	0.00
2.	Recurring Expenditure	**0.04**	0.18
3.	Salaries to R&D Personnel	**1.44**	2.01
4.	Power and Fuel	**0.06**	0.07
	Total	**1.54**	2.26
5.	Total R&D expenditure as percentage of Total Turnover	**0.0300%**	0.0438%
6.	Gross Turn-over	**5,128.69**	5,162.42

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

Particulars	FY 21	FY 20
Foreign Exchange Used	397.71	349.49
Foreign Exchange Earned	182.90	176.81

ANNEXURE - D

DISCLOSURE PURSUANT TO RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR FINANCIAL YEAR 2020-21

<table>
<tr><th>Sr. No.</th><th>Requirement</th><th>Details</th></tr>
<tr><td>1.</td><td>Ratio of remuneration of each Director to the median remuneration of the employees of the company</td><td>Non-Executive Directors are paid remuneration by way of Sitting Fees only for attending the Meetings of the Board of Directors and Committees of Directors.

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, Companies Act, 2013 (the Act) and the relevant Rules framed thereunder as amended from time to time and subject to the approval of Shareholders.

Shri Pankaj Joshi, IAS, Additional Chief Secretary to GoG 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.

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.</td></tr>
<tr><td>2.</td><td>Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any.</td><td><table>
<tr><th>Sr. No.</th><th>Director / KMP</th><th>Title</th><th>% increase in remuneration</th></tr>
<tr><td>1</td><td>Shri Pankaj Joshi, IAS</td><td>MD</td><td>----</td></tr>
<tr><td>2</td><td>Shri D.V. Parikh</td><td>CFO</td><td>3.06</td></tr>
<tr><td>3</td><td>Shri A C Shah</td><td>CS</td><td>----</td></tr>
</table>
Non-Executive Directors are paid only sitting fees for attending the Board / Committee Meetings.</td></tr>
<tr><td>3.</td><td>Percentage increase in the median remuneration of employees.</td><td>-2.58% considering full year present of Regular employees in employment for FY 21 & FY 20.</td></tr>
<tr><td>4.</td><td>Number of permanent employees on the rolls of Company at the end of the year.</td><td>2504</td></tr>
<tr><td>5.</td><td>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.</td><td>There was 2% average percentile increase in the salary of employees other than Key Managerial Personnel (KMP) as against this there was reduction of 24% in the remuneration of KMP for FY 21 compared to FY 20.</td></tr>
<tr><td>6.</td><td>Affirmation that the remuneration is as per the remuneration policy of the company.</td><td>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.</td></tr>
</table>

ANNEXURE - E

To,
The Members,
Gujarat Narmada Valley Fertilizers & Chemicals Limited,
CIN: L24110GJ1976PLC002903
P.O. Narmadanagar – 392015,
Dist. Bharuch, Gujarat, INDIA

My 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. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I 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. Where ever required, I 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. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Date : 14th July, 2021
Place : Vadodara

SHALIN PATEL
Practicing Company Secretary
ACS - 22687
C. P. No. : 17070
P. R. No. : 1274/2021
UDIN : A022687C000630681

FORM NO. MR -3
SECRETARIAL AUDIT REPORT
(FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2021)

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

To,
The Members,
Gujarat Narmada Valley Fertilizers & Chemicals Limited,
CIN: L24110GJ1976PLC002903
P.O. Narmadanagar – 392015,
Dist. Bharuch, Gujarat, INDIA

Dear Sirs,

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial year ended on **31st March, 2021,** 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Gujarat Narmada Valley Fertilizers & Chemicals Limited,** for the Financial Year ended on **31st March, 2021,** 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') viz.

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

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

C. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. - Not Applicable. The Company has not issued any Security during the Financial Year under review.

D. The Securities and Exchange Board of India (Share Based Employees Benefit) Regulations 2014. - Not Applicable. The Company has not offered / granted any Share Based Employees Benefit / options to its employees during the financial year under review.

E. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. - Not Applicable. The Company neither issued nor listed any debt securities during the Financial Year under review.

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

G. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. – Not Applicable. The Company has not delisted its equity shares from any stock exchanges in India during the Financial Year under review.

H. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. - Not Applicable. The Company has not bought any of its securities during the Financial Year under review.

6. Other applicable laws – I 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;

(i) The Environment (Protection) Act, 1981

(ii) The Air (Prevention and Control of Pollution) Act, 1981

(iii) The Water (Prevention and Control of Pollution) Act, 1974

(iv) The Ammonium Nitrate Rules, 2012

(v) The Petroleum Act, 1934

(vi) The Explosive Act, 1884 and Explosive Rules, 2008

(vii) The Fertilizers (Control) Order, 1985 under the Essential Commodities Act, 1955 and

(viii) The Hazardous and other Wastes (Management and Transboundry Movement) Rules, 2016

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

(i) The Mandatory Secretarial Standards (SS1 and SS2) issued by The Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015

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

I 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 provision of the Act.

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

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

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

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

Place: Vadodara
Date: 14th July, 2021

SHALIN PATEL
Practicing Company Secretary

C. P. No. : 17070
P. R. No. : 1274/2021
UDIN: A022687C000630681

ANNEXURE - F

DIVIDEND DISTRIBUTION POLICY

INTRODUCTION

Securities & Exchange Board of India (SEBI) has vide SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, on 8th July, 2016, inserted Regulation 43.A in the SEBI Listing Regulations, 2015, which requires top 500 listed companies based on market capitalization (calculated as on 31st 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

PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

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

AMENDMENT IN POLICY

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

CAUTIONARY STATEMENT

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

MANAGEMENT DISCUSSION AND ANALYSIS

1. Global Economic Scenario:

FY 21 (Financial Year 2020-21) witnessed black swan event in the form of Pandemic viz., Corona Virus which led to disruption in the form of outages in production and sales which resulted into shrinking of global economic output levels.

Cross country trades are also severely affected due to logistic disruption especially of shipping and air lines. Many ongoing projects went on a slow wicket due to limited availability of resources including manpower.

Exact estimates, although, may be difficult to quantify, the general consensus on slow down impacts are undeniable facts.

Pace of recovery may vary depending upon the geographic recoveries out of Pandemic effects and resultant lock downs.

2. Indian Economic Scenario:

In line with Global effect of Corona Virus, the economic impact of corona virus pandemic in India has been largely disruptive during FY 21.

During initial phase of the financial year, there were substantial lockdowns during the period from late March, 2020 to end May 2020 followed by five gradual unlocking phases till October 2020.

India's growth in the fourth quarter of the FY 20 went down to 3.1% according to the Ministry of Statistics. The Chief Economic Adviser to the Government of India said that this drop is mainly due to the corona virus pandemic effect on the Indian economy. Notably India had also been witnessing a pre-pandemic slowdown, and according to the World Bank, the current pandemic has "magnified pre-existing risks to India's economic outlook".

Due to Corona virus pandemic, the major companies in India temporarily suspended or significantly reduced operations. The different phases of India's lockdown up to the "first unlock" on 1st June, 2020 had varying degrees on the opening of the economy. As a result, India's growth shrunk to negative @ -8% in 2020.

The Government of India announced a slew of measures to tackle the situation of corona pandemic, from food security and extra funds for healthcare including vaccination program to declaration of curfew across territories and so on.

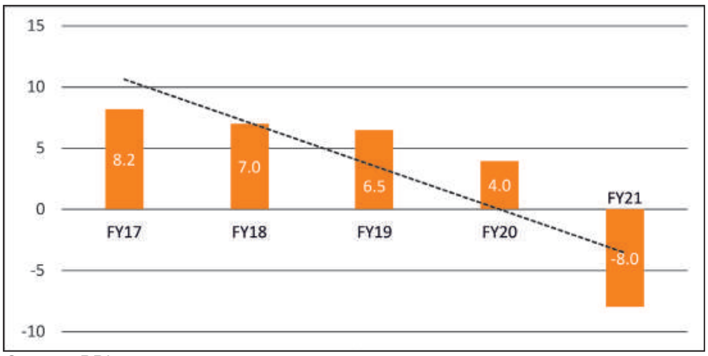
Exim trade of India also affected significantly due to disruption in logistics and international restriction on cross border movements.

Analysing Black swan events of last three decades, it has been observed that market has always bounced back and took about 4~5 years' time to overcome such huge impact of Black swan events.

Key Economic Indicators:

(1) Gross Domestic Product (GDP): GDP represents the total monetary value of all final goods and services produced (and sold on the market) within a country during a period of time (typically 1 year). GDP is the most commonly used measure of economic activity. Government estimates that India's GDP contracted to -8% in FY 21. While the pandemic has hit growth in countries across the world, several trends over the last five years show that the Indian economy was already worsening in the years before Covid-19 from 8.2% in FY 17 to -8% in FY 21.

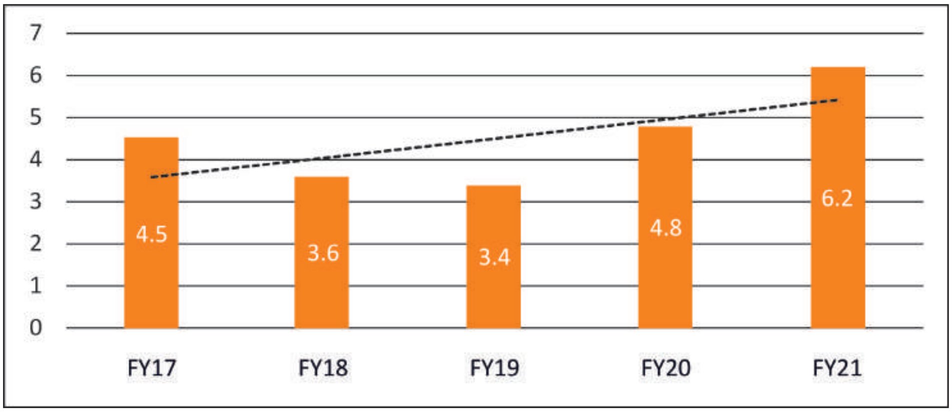
GDP growth rate %



Source: RBI

(2) Inflation: Inflation measures the average price change in a basket of commodities and services over time. In FY 21, inflation breached the upper tolerance band of 6% and touched to 6.2% due to a series of cost-push shocks – supply chain disruptions; weather shocks; higher crude oil and other commodity prices; and higher taxes. If inflation remains close to the target on a durable basis, it can then provide monetary policy the space to adequately support the nascent recovery.

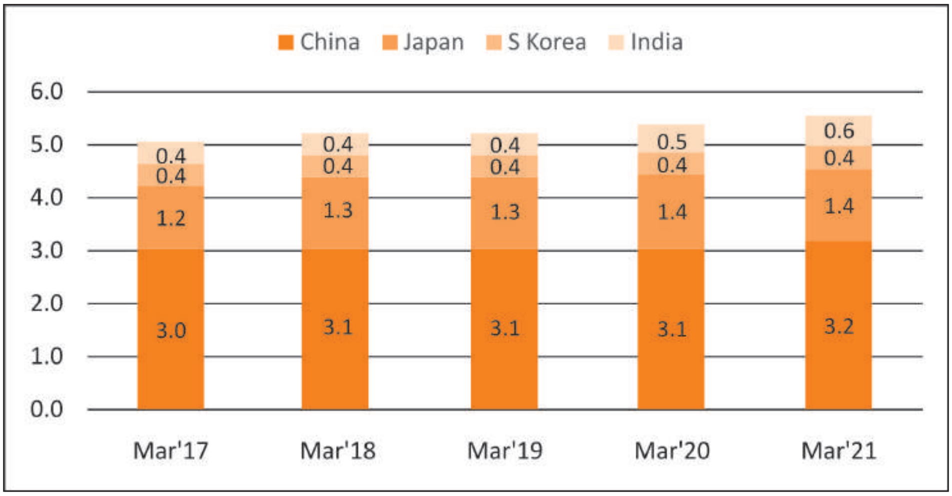
Inflation %



Source: RBI

(3) Foreign Exchange Reserves: Foreign exchange reserves are assets held on reserve by a central bank in foreign currencies. These reserves are used to back liabilities and influence monetary policy. It includes any foreign money held by a central bank. India has large foreign-exchange reserves; holdings of cash, bank deposits, bonds, and other financial assets denominated in currencies other than India's national currency, the Indian rupee. The reserves are managed by the Reserve Bank of India for the Indian government and the main component is foreign currency assets.

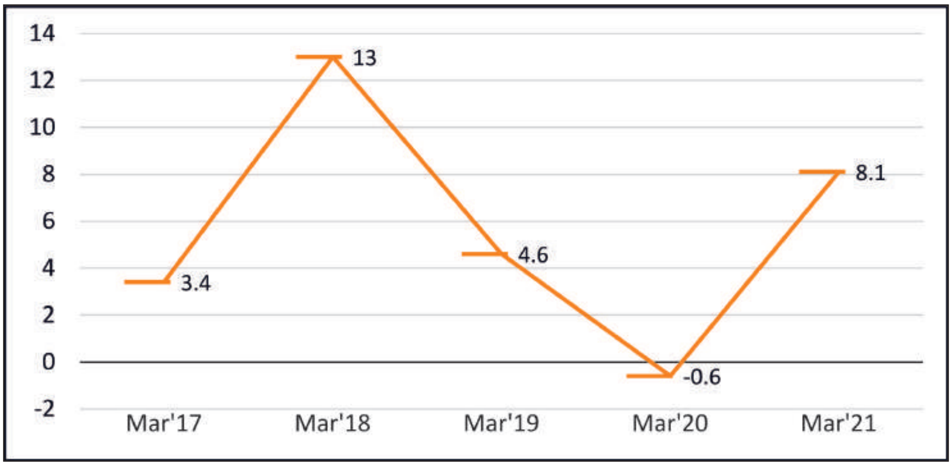
USD Reserve (USD in Trillion)



Source: Investing.com & RBI

(4) Current Account Deficit: It is an important signal of competitiveness and the level of imports and exports. A large current account deficit usually implies some kind of imbalance in the economy, which needs correction with a depreciation in the exchange rate and / or improved competitiveness over time. India posted a current account deficit of USD 8.1 billion as of March 2021, equivalent to 1.0 percent of the GDP, compared with a surplus of USD 0.6 billion in the same period of the previous fiscal year.

India Current Account Deficit (USD in Trillion)



Source: RBI

3. Industry Structure and Developments:

3.1 Fertilizer Industry:

Indian fertilizers industry's main objective is to ensure the supply of primary and secondary nutrients in the required quantities on subsidized rates.

Fertilizer Industry is highly regulated and monitored by Government of India (GoI) in view of the fact that India is still not self-sufficient in fertilizer production. This Industry is characterised by following factors:

- Capital intensive nature – High Capex required to set up and run.
- Working capital intensive nature – due to time lag in receipt of substantial component of product sales price in the form of subsidy.
- Major inputs are imported e.g. Natural gas, Rock Phosphate, Phosphoric Acid, Sulphur.
- Most fertilizers have to be imported due to inadequate domestic capacities mainly Urea, DAP, MOP etc.
- Product prices are subsidized and Government expends on such subsidies based on either policy or data submission by respective companies.
- Main nutrients are N, P, K and S i.e. Nitrogen, Phosphorous, Potash and Sulphur.
- The ideal ratio of NPK is 4:2:1, however India is highly skewed in this ratio due to affordability of fertilizer types e.g. Potash (K) is costlier so demand gets impacted inspite of the need of nutrient for soil / crop mix.
- Speciality fertilizers usage is yet to gain traction.
- Production facilities are spread across: 32 Urea manufacturing Units, 10 DAP Units, 19 NPK Units and various SSP manufacturing units.
- Major portion of fertilizer movement takes place through Rail. The ratio of Rail to Road movement is normally around 80:20.

Fertilizer Policy Overview:

Fertilizer industry is governed by major policies related to reimbursement of product subsidy, freight subsidy, movement control etc. Major policies in this industry are:

- **Product subsidies:**

  NPKs are governed by Nutrient Based Subsidy (NBS) which is decided periodically by Department of Fertilizers.

  Urea is governed by Concessional Rate policy whereby variable costs of production subject to energy norms is reimbursed more or less fully whereas fixed costs are reimbursed at prescribed amounts per MT of production till Reassessed Capacity of each unit. Thus, the cost dynamics of each unit is different. The main feed i.e. natural gas is supplied at uniform pool price to all urea units. Based on the cost of production the periodic concessional rates are ascertained by Department of Fertilizers and reimbursed accordingly to individual units.

- **Freight subsidies:**

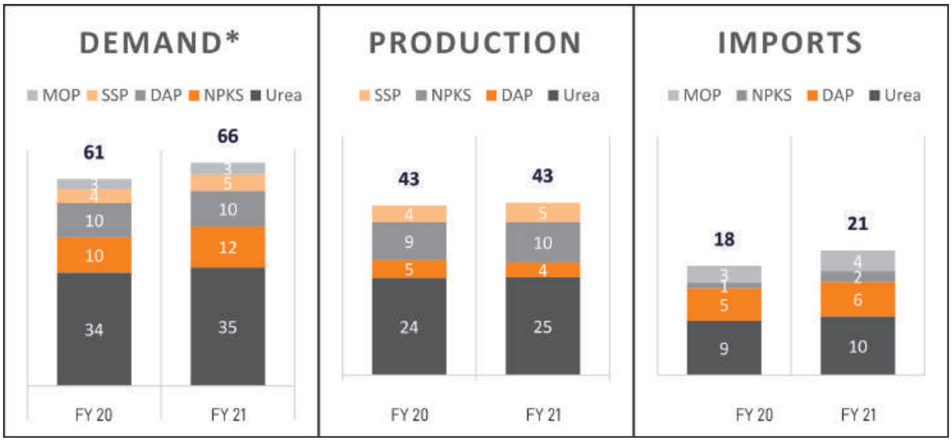
  The rail freight is reimbursed at actual whereas the road freight is reimbursed at prescribed rates by Department of Fertilizers. In case of Urea, both, primary and secondary road movement is eligible for reimbursement whereas in case of NPKs only primary movement is eligible for reimbursement.

Industry Size:

The size of the Industry is around 66 Million Metric Ton based on statistics for FY 21.

Below is a comparative view of the total fertilizer market in India over last two financial years along with how the total demand is served through domestic production and remaining through imports.

(Figures: MMT)



Source: Department of Fertilizers

* Fertilizer sales are considered as a proxy for demand

(Qty in LMT)

	FY 21	FY 20	% Change
Total Fertilizer			
Domestic Production	**434**	426	2%
Imports	**209**	183	14%
Sales	**662**	614	8%
Urea			
Domestic Production	**246**	245	0.4%
Imports	**98**	91	8%
Sales	**351**	336	4%
NPKs			
Domestic Production	**101**	93	9%
Imports	**17**	9	89%
Sales	**122**	104	17%

Overall fertilizers sales have increased by 8% during FY 21 with marginal 2% rise in domestic production & significant 14% increase in imports compared to FY 20.

Sales of Urea increased by 4% during FY 21 due to favourable weather and market conditions. Urea is largely sourced domestically however; high demand necessitates imports which have risen sharply by 8% to supplement the increase in demand. The domestic production level remains same as last year. Import dependence of urea (imports as a proportion of production plus imports) has increased to 29% during FY 21 compared to 27% during FY 20.

NPKs sales has shown significant growth of 17% in FY 21, met by 9% increase in domestic production & doubled the imports.

New Urea Capacities:

The government is reviving 5 urea plants with a capacity of 1.27 MMT each (Million Metric Tonne) per annum viz;

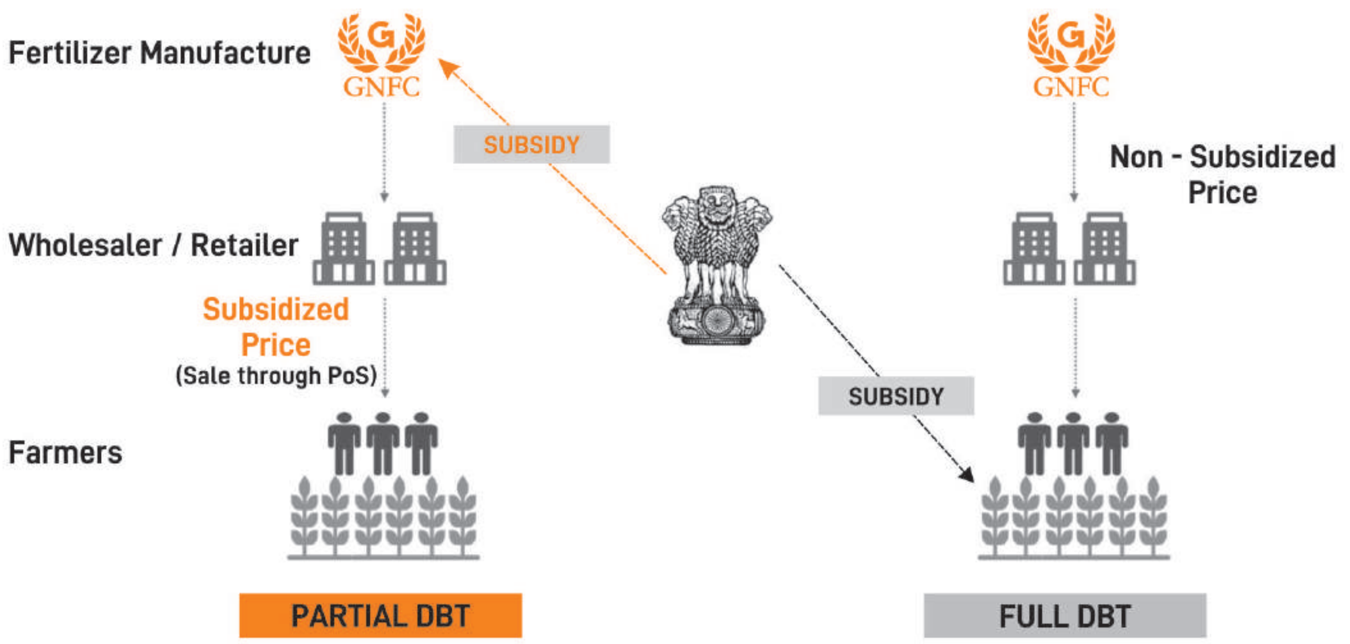
Four of Fertilizer Corporation of India Limited (FCIL) in Talcher, Ramagundam, Gorakhpur and Sindri and one of Hindustan Fertilizer Corporation Ltd. (HFCL) in Barauni.

Ramagundam Fertilizers and Chemicals Limited (RFCL) has started commercial production but yet to achieve full capacity utilisation. After the commercial production starts at all five units, the country would progress substantially towards self-sufficiency in urea production.

Direct Benefit Transfer (DBT):

The Direct Benefit Transfer (DBT) scheme for fertilizers was implemented throughout the country from March 2018. Though the scheme is called DBT, subsidy continues to be routed through the industry- partial DBT. In this way, a full DBT is yet to be rolled out.

Following is the pictorial view of DBT scheme:



The scheme has changed the business model for fertilizers companies. Subsidy under the scheme becomes due only on sale of fertilizers by the retailers to the farmers through POS (Point of Sales) machines. Earlier 95% and 90% of the subsidy amount of Urea and Nitro Phosphate respectively were paid on receipt of fertilizers at the field warehouses/retailers.

The DBT scheme as currently designed has impact on further working capital tie up since in the pre-DBT regime companies were eligible for subsidies when fertilizers reach district(s) whereas under DBT, subsidy is eligible for reimbursement upon sales through point of sale (POS) machine to farmer.

From a liquidity perspective, there is a high dependence on the subsidy budget of GOI which has consequential impact on the working capital quantum of fertilizer manufacturing companies.

Indian Fertilizer Capacities and Utilisation:

The installed capacities and utilization in respect of various fertilizers is as under for FY 21.

NUMBER OF FERTILIZER PLANTS - CAPACITIES & PRODUCTION				
Fertilizer	Number of Plants	Capacity (in LMT)	Production FY 21 (in LMT)	Capacity Utilization (%)
Urea	32*	233	**246**	106%
DAP	10	77	**38**	49%
NP/NPKs	19	72	**100**	139%
SSP	111	124	**49**	40%
Total	**172**	**511**	**433**	**86%**
*Out of 32 plants, one plant of Matix fertilizer based on CBM as feedstock is non operational due to non availability of CBM One more urea plant of RCFL with capacity of -1.3 Million Ton is under trial run and expected to be commissioned soon				

Source: Department of Fertilizers

As is apparent in case of Urea and NP/NPKs, the capacities are fully utilized whereas in case of DAP and SSP, the capacities are not fully utilized mainly due to the fact that subsidy is not fully based on the variable costs and hence when inputs are too costly then productive capacities have to be operated at lower than capacity.

Fertilizer Subsidy:

The Government budget estimates of subsidies for FY 21 is around ₹ 80,000 crores. Actual subsidy depends upon mainly the input costs and hence the sufficiency of budget is highly dependent subsequent pricing scenario of key inputs during the year.

During the last financial year, Government announced a ₹ 65,000 crores additional fertilizer subsidy as part of stimulus package in November, 2020.

A comparative table of two financial years is provided below:

(₹ Crores)

Fertilizer Subsidy	FY 20	FY 21		FY 22
	A	BE	RE	BE
Urea Subsidy	54,755	**47,805**	**94,957**	58,768
Nutrient Based Subsidy	26,369	**23,504**	**38,990**	20,762
Total	**81,124**	**71,309**	**1,33,947**	**79,530**

A = Actual, BE = Budget Estimate, RE = Revised Estimate

Source: Union Budget FY 22

With booster doze of ₹ 65,000 crores, the carry over arrears of subsidies is practically over and fertilizer industry may start FY 22 with almost "NIL" subsidy arrears.

NBS change:

DOF while in April-2021 announced no change in NBS rates, subsequently it announced in May-21 changes in the NBS subsidy rates which will provide relief to NPK manufacturers and will improve their financial situation.

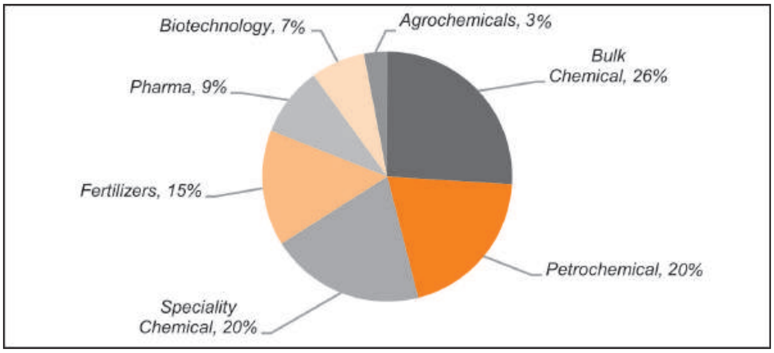
Energy Norms:

The Fertilizer companies are governed by New Urea Policy-2015. As per policy, effective October-20, prescribed norms are applicable to all urea manufacturing units in the country. GNFC falls under Group-II for the purpose of achieving prescribed energy norms i.e. it has target energy norms of 6.20 Gcal/PMT of Urea.

With some capital expenditure, GNFC has been able to achieve target energy norms for FY 21 and is expected to keep the actual norms within target energy norms.

3.2 Chemical Business:

With the mammoth product basket of more than 80,000 chemicals manufactured in the country, the chemical industry touches the lives of almost all the people on daily basis and thus plays a vital role in shaping the lives of individuals. India's chemical industry is extremely diversified and can be broadly classified into:



Source: IBEF – Department of Commerce (2019 Data)

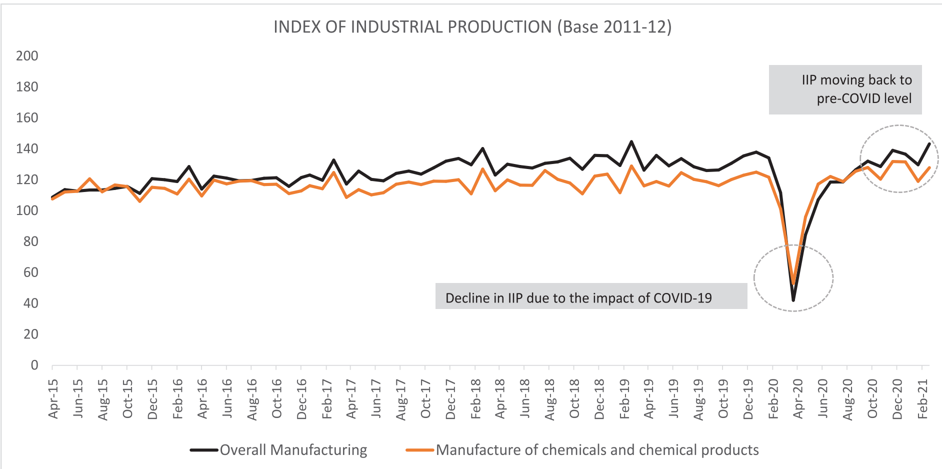
Talking in terms of global sales of chemicals, India stands 6th in the world and 4th in Asia, accounting for almost 2.5% of world's global chemical sales.

Indian Chemical industry is estimated to be worth USD 178 billion FY 20 with a significant potential to reach around USD 300 billion by FY 25. To give a perspective, global chemical industry is estimated to be worth USD 4.2 trillion and China's chemical industry worth is estimated to be USD 1.5 trillion.

India ranks 6th in imports and 9th in exports of global chemicals and chemical products (except pharmaceuticals). Petrochemical intermediates accounts for major share of imports and Specialty Chemicals (Agrochemicals, Dyes & Pigments etc.) account for major share of exports. India's proximity to the Middle East and easy access to major sea trade routes gives an important strategic advantage.

Pandemic and Indian Chemical Market:

COVID-19 has severely affected the Indian chemical industry and disrupted supply chains and the demand for chemicals. While the first quarter of FY 21 was severely impacted, the recovery during subsequent period was sharp far off setting the lock down impacts. The downstream consumptions improved significantly and with reduced imports it gave a good opportunity to domestic manufacturers.



Source: Ministry of Statistics and Programme Implementation & Care Ratings

The manufacturing sector's Index of Industrial Production (IIP) is closely related to the manufacturing of chemicals in the country. The IIP of the overall manufacturing and chemicals manufacturing segment has seen continuous increment in the last five years. However, the sudden emergence of COVID-19 resulted in a steep decrease in the value in April 2020 due to the nationwide lockdown resulting in manufacturing companies shutting down or not functioning at their full capacity.

The IIP recovered after May 2020 with the GoI's progressive initiatives, such as the Aatmanirbhar Bharat (self-reliant India) economic stimulus package to kick-start the economy and various sectors, including manufacturing. Since then, the chemical sector's IIP is on the path to recovery to pre-COVID levels.

A section of Indian chemical industry is already benefitting from the 'CHINA+1' trend and with the right policy support and business practices-especially with regard to safety and environmental compliance-they can go much further.

In order to promote Aatmanirbhar Bharat initiative, GoI has announced Production Linked Incentive (PLI) Scheme for 13 Sectors. Chemicals Sector is yet to get covered under PLI scheme.

GNFC deals in Bulk Chemicals. These are used by downstream manufacturers of various products like speciality chemicals and other end use applications. In the chemical product portfolio, it has various chemicals serving cross section of downstream industry. It works on Business to Business model (B2B).

The market size of various chemicals dealt with by the company is as under:

No.	Products	Domestic Market Size,	GNFC Domestic Market Share	Major Sources of Import
		TMTPA	%	
1	Acetic Acid	1,055	15	Malaysia, Singapore, China, Taiwan
2	AN Melt	969	16	Russia, Turkey, Bulgaria, Iran
3	Aniline	106	32	China, Belgium, USA
4	C N A	184	15	No import
5	Ethyl Acetate	320	20	No import.
6	Formic Acid	38	53	China
7	Methanol	2,448	4	Saudi Arab, Qatar, Iran, Oman, Venezuela, Algeria
8	Technical Grade Urea	280	37	China, Middle East, UAE, Oman, Japan
9	Toluene Di-Isocyanate	57	66	China, Germany, Korea, Japan, Saudi Arabia
10	W N A	273	36	Korea

Source: Various International Reports

Currently, TDI, Aniline and Ammonium Nitrate are covered under Anti-Dumping duty. Efforts are on to debottleneck TDI Dahej production by increasing the downstream capacities.

GNFC also exports its products mainly TDI. The channels of exports are both direct as well as deemed. Deemed exports are of two types i.e. sales through third party which are mainly dealers and export territories defined by Government like SEZ/ EOU etc.

The comparative of exports is as under:

(₹ Crores)

Particulars	FY 21	FY 20
Export (including Deemed Export)	**276**	302

The reduction in export value is due to reduced volume in FY 21 as compared to FY 20

Exports give partially a natural hedge to its otherwise heavily import dependent inputs.

Most major chemical inputs are dollar linked.

During the FY 21 the import of various chemicals dealt with by the company reduced which gave an opportunity to company to cater to market. The comparative information on various products and its imports over two financial years as under:

Comparative Imports Statistics of GNFC's IP products:

Product	FY 21	FY 20	Change
	IMPORT QTY (TMT)		(%)
Acetic Acid	**904**	927	(2%)
An Melt	**218**	268	(19%)
Aniline	**73**	81	(10%)
Formic Acid	**23**	24	(4%)
Methanol	**2,220**	2,286	(3%)
TDI	**35**	37	(5%)
WNA	**26**	30	(13%)

Source – Department of Commerce, GOI

3.3 Others:

IT Division of the company has been witnessing head winds at its various verticals and efforts are on to reposition itself to cater to areas where nCode has strength and building up further resourcing to venture into emerging fields of IT.

Neem business is another area where company is focusing on profitable opportunities mainly by targeting retail and institutional customer base. Organic certification of Neem oil based products was obtained from M/s. Biocert International Pvt. Ltd. as our products are meeting with Biocert Organic Standards. The company also possesses the certification from M/s. Biocert regarding usage of highest percentage of virgin Neem oil in Neo Neem Soap in the country.

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.

The main applications / uses of various chemical products are as under:

Product	Applications
Acetic Acid	PTA, Ethyl Acetate, Acetic Anhydride, Agrochemicals
AN Melt	Explosives, Insecticides, Pyro-techniques
Aniline	Pharma, Rubber, Dyes & Intermediates, MDI
C N A	Nitro Aeromatics, TDI, Aniline, Ammunition, Pharma etc.
Ethyl Acetate	Paints, Inks, Pharma, Packaging, Adhesives, AL Foils, Perfumes, Laminators/Varnishes
Formic Acid	Leather, Rubber, Pharma, Textile etc.
Methanol	Formaldehyde, Pharma, Acetic Acid, Dyes Etc.
Technical Grade Urea [TGU]	Plywood, Pigments, Cattle Feed, CPC Blue, Diesel Exhaust Fuel [DEF], Urea Formaldehyde Resins
Toluene Di-Isocyanate [TDI]	Flexible PU, Mattresses, Car Seating, Adhesives, Elastomers, Coatings
W N A	C.N.A., Potassium/Calcium Nitrate, Steel Pickling, Dyes, Pharma, Agro Chemicals etc.

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 due to stiff import competition, it does provide some premium in realisation however it has to compete fiercely when it comes to basic pricing.

Company has added from time to time various production facilities. Company has been consistent in utilising, by and large, its existing production capacities.

The journey so far is reproduced below: **(Figures: TMT)**

Product	Year	Capacity	Production FY 21	Remarks
Acetic Acid	1995	100	**150**	Revamped in 2002
Agri. Urea	1982	637	**643**	
Tech-Grade Urea		--	**99**	
Ammonia - OIL	1982	445	**245**	
Ammonia - Gas	2013	370	**371**	Equivalent MTPA Ammonia
Ammonium Nitro Phosphate	1991	142	**167**	
Aniline	1995	35	**34**	Installed through JV company which later on merged with GNFC during FY 08
Co-generation Power & Steam Unit	2012	285	**258**	Figures in '000 MWH
Concentrated Nitric Acid-I	1991	33	**31**	
Concentrated Nitric Acid-II	1999	33	**31**	
Concentrated Nitric Acid-III	2011	50	**48**	
Ethyl Acetate	2012	50	**59**	
Formic Acid	1989	10	**19**	Revamped in 2004-05
Methanol-I	1985	50	**41**	
Methanol-II	1991	188	**130**	Revamped in 2008
Methanol Synthesis Unit	2006	31	**NIL**	Due to cost economics reason could not be operated
Synthesis Gas	1998	202	**182**	Figures in KNM3
Toluene Di-Isocyanate -I	1998	14	**17**	Installed through JV company which later on merged with GNFC during FY 08
Toluene Di-Isocyanate – II	2014	50	**40**	
Weak Nitric Acid-I	1991	248	**291**	Revamped in 1999
Weak Nitric Acid-II	2011	100	**101**	

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

Under the fertilizers business, company sells under the brand name of "NARMADA" known in the market as Narmada Urea as part of straight fertilizer and Narmada Phos (20:20:0:0) as part of phosphatic fertilizer.

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.

Being cash positive company currently, the cost of working capital does not directly reflect in fertilizer segment however going by major working capital investment components it has significant working capital interest impact either in the form of actual interest costs or lost interest income opportunities.

Due to accounting disclosure and/ or reporting limitations the segment results shows better / less affected performance than actual. Adjusting for interest expense / lost interest income opportunities gives a more realistic performance.

Due to improved profitability as well as liquidity over last few years, company has become long term and short term debt free lending credibility to its financial strength.

5. Opportunities and Strengths:

1. 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.
2. 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.
3. In respect of fertilizers and chemicals, both, trading is another opportunity which is being explored.
4. 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:

The Fertilizer Segment Revenue reduced by 22% from ₹ 2,244 crores to ₹ 1,751 crores mainly due to lower volume as there was forced shutdown of plant in April 2020 and FY 20 includes provision of one-time Additional Fixed cost subsidy of earlier years. Fertilizer Segment Results also reduced from ₹ 216 to ₹ (24) crores lower by 111% at ₹ 240 crores.

The Chemical Segment Revenue improved from ₹ 2,836 crores to ₹ 3,305 crores higher by 17% at ₹ 469 crores. Recovery is predominately due to increase in sales price across the board. Resultantly the Chemical Segment Results also improved from ₹ 166 crores to ₹ 874 crores higher by 425% at ₹ 708 crores.

Other Segment Revenues and Results decreased mainly due to reduction in IT business profitability.

7. Outlook:

7.1 Fertilizers Business:

With its well established brand and marketing network, fertilizer business has stable outlook. Fertilizer trading is an area which is being actively looked in to.

7.2 Chemicals Business:

Rise in demand from end user industries and increasing per-capita consumption is likely to support strong demand for chemicals.

Companies, indigenous as well as global, seeking to de-risk their supply chains and reduce dependency on China presents a valuable growth opportunity for Indian chemical manufacturers.

Moreover, prudent and industry friendly policies like Aatmanirbhar Bharat, PLI scheme, 100% FDI, mandatory BIS standards etc. by the government may prove to be a substantial benefit for this industry.

7.3 Others:

The IT business is currently going through resource challenges which is being addressed. With that the business model will be repositioned during the FY 22 while continuing to carry on and improve on current business.

Neem De-Oiled Cake, Neem Manure and Neem Pesticides have been received well by the farmers and are doing well.

8. Risk and concerns:

a) Most products are import substitutes and hence fierce competition from dominant foreign suppliers is a major threat.

b) 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.

c) NBS support from time to time may not match with actual input costs hence may affect profitable operations.

d) Energy norms being prescribed without capital subsidy support increases further strain on resources is a source of major risk.

e) Corona virus further waves is a possible concern for the downstream consumption.

f) Recruitment and retention of talented human resources is a matter of concern at the same time developing adequate senior level hierarchy in coming years is also a big concern.

g) Retaining good resources is a challenge in IT business specially who have a right mix of Technology, Business understanding.

h) With ever increasing push for Digital India, there is a lot of pressure to not just manage but also secure data against miscreants resulting in ever evolving statutory guidelines by various agencies.

i) Intellectual property violations are serious as organization loses edge in the market due to such violations.

9. 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 a well-defined Enterprise Risk Management('ERM') framework in place which has 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 Report covering various risks is put-up before the Audit Committee and Board of Directors Meetings periodically for their review. In addition to this, Risk Management Committee meeting takes place during the year wherein the framework as well as various risks are reviewed thoroughly.

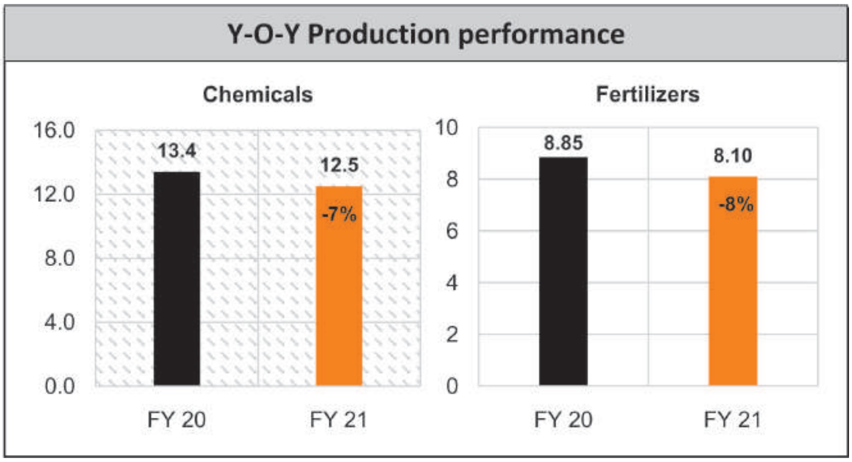
Based on the last Risk Management Review meeting, the risk management framework is being further fine-tuned with evolving requirements, both, mandatory as well as voluntary.

10. Financial performance with respect to operational performance:

10.1 Operational Performance:

(a) Production Volumes:

(Qty in LMT)



The Company has achieved remarkable production performance during FY 21, despite nearly one-month total shutdown of all plants from 30th March 2020 to 2nd May 2020 on account of COVID 19 pandemic and three major interruption of total plant trip in August/September-2020 due to power failure. The better production performance during FY 21 with higher efficiency is due to well executed strategies around input sourcing and marketing. Most of the plants of the Company were operated at over 100% capacity utilization. Day to day plant operations were closely reviewed and plant load adjusted accordingly, to maximize profit. Special focus is being given on energy conservation and cost reduction in all aspects.

Urea plant, was operated at 117.94% capacity throughout the year which is 2nd best spell in the history of urea plant.

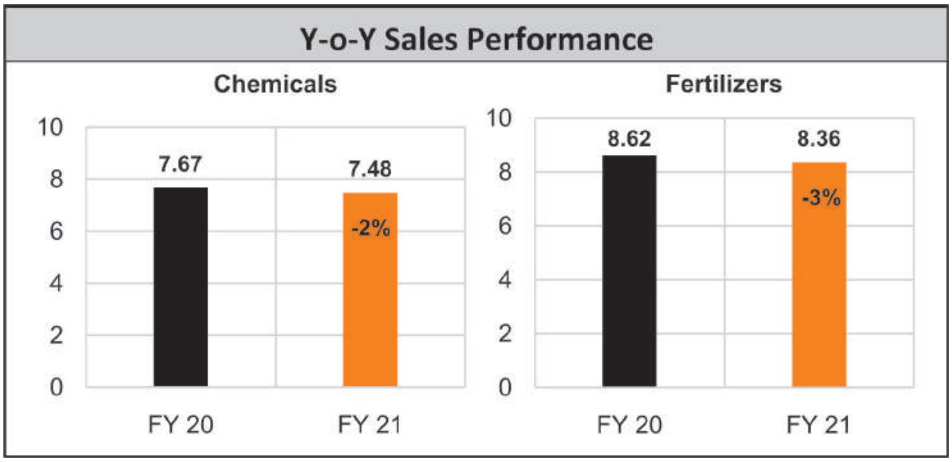
During FY 21, ever highest daily production achieved for Formic acid, Ethyl Acetate, WNA-I, WNA-II, NB, Technical grade Urea, Steam generation-CPSU. Ever highest Monthly production achieved for Methyl Formate, Ethyl Acetate, WNA-I, WNA-II, NB, Aniline, Steam generation-CPSU and Ever highest yearly Steam generation from CPSU.

GNFC Bharuch complex is ISO-14001:2015 and ISO 45001:2018 certified from M/s. TUV. TDI Bharuch plant is also ISO 9001:2015 certified from M/s. Bureau of Veritas India Ltd.

TDI-II Dahej complex is ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 & ISO 50001:2018 certified from M/s. Bureau of Veritas India Ltd.

(b) Sales Volumes:

(Qty in LMT)



The Company performed reasonably well in the Fertilizers business during FY 21. The Company sold of 8.36 Lakhs MTs of fertilizers as compared to 8.62 Lakhs MTs in previous FY 20.

Company continued the Trading activities of Fertilizers like Muriate of Potash (MOP), Di-Ammonium Phosphate (DAP), Ammonium Sulphate (AS), Single Super Phosphate (SSP) and City Compost were traded during the year. 13,993 MT Fertilizers were sold as part of trading activities.

The Fertilizer industry remains vital to agriculture productivity and with gradual progressive measures, it has potential to perform well.

Chemical business has contributed substantially to the profitability of the company upon witnessing an upward pricing trend in international as well as domestic markets during the year.

Post initial Covid-19 induced lockdown, the markets have witnessed a sharp rise in demand from downstream sector signalling towards a V-shaped recovery. Chemicals specifically have seen a bullish trend. Some of the factors like enhanced recovery in demand, paucity of shipping containers, higher freight/shipping charges, significant delays in imports, improved competitiveness of indigenous chemicals vis-a-vis imports, progressive push by GoI towards Aatmanirbhar Bharat, PLI scheme can be attributed towards this bullish trend.

The company is one of the largest producers of industrial chemicals in India, with TDI, Acetic Acid, and Formic Acid being its core products. The company is the only manufacturer of Toluene Di Isocyanate (TDI) in South-East Asia. The company has so far exported its products to more than 80 countries worldwide.

10.2 Comparative Financial Performance Highlights: (₹ Crores)

Particulars	FY 21	FY 20	Change	
			Value	%
Revenue from Operations	**5,129**	5,162	(33)	(1%)
Other Income	**237**	153	85	55%
EBITDA	**1,003**	542	461	85%
PBT	**948**	425	523	123%
PAT	**689**	499	190	38%
Book Value (₹ Per Share)	**385**	336	49	15%
EPS (₹ Per Share)	**44.35**	32.10	12.25	38%

In spite of impact of COVID-19 on production and sale volume for practically one full month of April 2020 for Bharuch Complex and in case TDI Dahej complex till middle of June 2020, the Company has achieved 2nd Highest PBT of ₹ 948 crores for FY 21 in the history of GNFC.

During FY 21, Company is out of Minimum Alternate Tax (MAT) regime and is now under normal tax regime.

Net Profit on Consolidated basis was ₹ 697 crores for FY 21 compared to ₹ 508 crores in FY 20.

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

The company's Human Resource continues to be one of the most valued contributors to the success of business of the company. Concerted efforts have been put up for ensuring well-being of employees on professional as well as familial fronts with focused attention to provide an inclusive environment for promoting diversity in gender, age and culture inculcating organizational values and ethics, learning cultures etc. in the functional areas. The company makes all possible efforts for improving the well-being of their employees by implementing various welfare schemes leading to an atmosphere conducive to the sustenance of growth of the company. The company conducts various in-house training programs such as safety awareness, environmental protection, health awareness, awareness on sexual harassment policy, as also, for enhancing employee's skill, knowledge etc.

In its pursuit towards improving industrial relation, the Company's proactive actions have resulted into good, harmonious, cordial and healthy industrial relations throughout the year which has helped in sustainable growth and enrichment of values for the shareholders.

The total strength of the human asset of the Company was 2877 on 31st March, 2021.

12. Significant changes in key financial ratios along with explanations:

Key Financial Ratios (Standalone) for the Financial Year ended 31st March, 2021, are provided here-below:

Particulars	Units	FY 21	FY 20	Change (%)	Reason
Debtors turnover	Times	**5.33**	3.89	37%	a
Inventory turnover	Times	**5.88**	5.86	-	
Interest coverage	Times	**50.29**	102.79	(51%)	b
Current ratio	Times	**3.57**	2.03	76%	c
Debt equity ratio	Times	**-**	0.16	(100%)	d
Operating profit margin	%	**18.88**	8.33	127%	e
Net profit margin	%	**13.44**	9.66	39%	f
Return on net worth	%	**13.38**	10.63	26%	g

Reasons:

a. Debtors turnover ratio improved by 37% mainly due to realisation of outstanding subsidy during the year. The company has received highest ever subsidy of ₹ 1,722 crores during FY 21 of which ₹ 786 crores relating to earlier year's outstanding receivable amount.

b. Interest coverage ratio has decreased by 51% mainly due to higher finance cost compared to previous year. This is due to onetime availment of loan to fund hand over of provident fund to Employees Provident Fund Organisation.

c. Current ratio is improved by 76% mainly due to reduction in current liability on account of repayment of short term borrowings availed for funding the takeover of PF Securities as well as repayment of Special Banking Arrangement.

d. Debt equity ratio improved by 100% mainly due to repayment of short term borrowings availed for funding the takeover of PF Securities as well as repayment of Special Banking Arrangement.

e. Operating profit margin increased by 127% due to increase in profit before tax by ₹ 524 crores due to improved realization across the board in chemicals.

f. Net profit margin increased by 39% due to increase in net profit by ₹ 190 crores on account of improved realization across the board in chemicals.

g. Return on net worth increased by 26% due to increase in net profit by ₹ 190 crores on account of improved realization across the board in chemicals.

13. 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 events.

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.

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 ("SEBI Listing Regulations"), as applicable, 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 has constituted various Board's Committees to deal with specific areas and activities which concern the Company and requires a closer review. The Board's Committees are formed with approval of the Board and function under their respective Terms of Reference. These Committees play an important role in the overall management of day-to-day affairs and governance of the Company. These Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. The Minutes of these Committee meetings are placed before the Board for noting.

BOARD OF DIRECTORS

Composition of the Board during FY 21.

Your Company is managed by a professional Board comprising Eight Directors, Seven are Non-Executive Directors. Four are Independent Directors, constituting half of the total strength of the Board. Managing Director is the only Executive Director on the Board.

Number of Board Meetings Held

During FY 21, four Meetings of the Board of Directors were held with a time-gap of not more than 120 days between any two Meetings. The dates on which the said meetings were held are: 10.07.2020, 31.08.2020, 06.11.2020 and 04.02.2021. Requisite quorum was present at 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 31st March, 2021 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.

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 along with 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 of Directors has confirmed that they meet the criteria of independence as mentioned 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.

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 Chairmanships / Memberships held by them in other public limited companies as on 31st March, 2021 are given herein below. Other directorships do not include directorships 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 Chairman 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.

There was no instance during the FY 21 when the Board had not accepted any recommendation of any Committe of the Board.

Name of the Director	Category	Number of Board meetings attended during FY 21	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)
				Chairman	Member	Chairman	Member	
Shri Anil Mukim, IAS Chairman DIN 02842064	Promoter, Non-Executive, Non-Independent	4 of 4	No	8	1	2	-	1. Guajrat Alkalies & Chemicals Ltd. (Chairman, Non-Executive, Non-Independent). 2. Gujarat State Petronet Ltd. (Chairman & Managing Director, Non-Executive, Non-Independent). 3. Gujarat Gas (Chairman, Non-Executive, Non-Independent).
Smt. Mamta Verma, IAS DIN 01854315.	Non-Executive, Non-Independent	1 of 4	NO	-	6	-	-	
Shri Mukesh Puri, IAS[1] DIN 03582870.	Non-Executive, Non-Independent	1 of 1	N.A.	2	6	-	1	Gujarat State Fertilizers & Chemicals Ltd. (Managing Director, Non-Executive, Non-Independent)
Prof. Arvind Sahay[2] DIN 032183342.	Non-Executive, Independent.	2 of 2	No.	-	2	2	2	1. IFCI Ltd. Non Executive, Independent. 2. HIL Ltd. Non Executive, Independent.
Shri Sunil Parekh DIN 06992456.	Non-Executive, Independent.	4 of 4	Yes	-	-	-	-	-
Shri Piruz Khambatta DIN 00502565.	Non-Executive, Independent.	4 of 4	Yes	-	-	-	-	-
Shri Arvind Agarwal, IAS, (Retd.)[3] DIN 00122921.	Non-Executive, Non-Independent	3 of 3	Yes	-	-	-	-	-
Prof. Ranjan Kumar Ghosh[4] DIN 08551816.	Non-Executive, Independent	2 of 2	N.A	-	-	-	-	-
Smt. Gauri Kumar, IAS(Retd.) DIN 01585999.	Non-Executive, Independent -Woman Director.	4 of 4	Yes	-	2	-	1	1. Gujarat Mineral Development Corporation Ltd Non-Executive, Independent. 2. Gujarat State Fertilizers & Chemicals Ltd. Non-Executive, Independent
Shri Pankaj Joshi, IAS[5] Managing Director DIN 01532892.	Promoter, Executive, Non-Independent.	3 of 3	Yes	1	8	2	6	1. Guajrat Alkalies & Chemicals Ltd. (Non-Executive, Non-Independent). 2. Gujarat State Fertilizers & Chemicals Ltd (Non-Executive, Non-Independent). 3. Gujarat State Petronet Ltd. (Non-Executive, Non- Independent)
Shri M S Dagur,[6] Managing Director DIN 01622222.	Promoter, Executive, Non-Independent.	1 of 1	N.A.	-	-	-	-	-

1 Appointed as Additional Director w.e.f. 07.01.2021.
2 Ceased to be Dictor w.e.f. 30.09.2020.
3 Appointed as Additional Director w.e.f. 10.06.2020 and ceased to be Director vide resignation dated 07.12.2020.
4 Appointed as Additional Director (Independent Category) w.e.f 29.10.2020.
5 Appointed as Managing Director w.e.f 16.07.2020.
6 Ceased to be Diector w.e.f. 15.07.2020.

Core Skills / Expertise / Competencies available with the Board

The Board comprises of highly qualified members who possess required skills, expertise and competence that allow them to make effective contributions to the Board and its Committees.

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	Shri Anil Mukim, IAS	Smt. Mamta Verma, IAS	Smt. Gauri Kumar, IAS (Retd.)	Shri Mukesh Puri, IAS	Shri Sunil Parekh	Shri Piruz Khambatta	Prof. Ranjan Kumar Ghosh	Shri Pankaj Joshi, IAS
Knowledge.	✓	✓	✓	✓	✓	✓	✓	✓
Behavioral Skills.	✓	✓	✓	✓	✓	✓	✓	✓
Strategic thinking and decision making.	✓	✓	✓	✓	✓	✓	✓	✓
Financial Skills.	✓	✓	✓	✓	✓	✓	✓	✓
Technical/Professional skills.	✓	✓	✓	✓	✓	✓	✓	✓
Specialized knowledge to assist the ongoing aspects of the business.	✓	✓	✓	✓	✓	✓	✓	✓

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 so as to have the focused and meaningful discussion at the Meeting. At every Board Meeting, a presentation is made on the matters covering finance, marketing, operations and any other material / significant developments. In case of business exigencies or urgency of matters, resolutions are passed by Circulation and the same are put-up to the Board / Committee in the next Meeting for taking note thereof. Action Taken Report on the decisions taken at the previous Board / Committee Meetings is placed at immediately succeeding Meetings for noting.

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

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

Disclosure regarding appointment / reappointment of Director(s)

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

Code of Conduct

The Board has laid down a Code of Conduct for all Board Members inter alia incorporating the duties of Independent Directors as laid down in the Act. The Board has also laid down the Code of Conduct for Senior Management Personnel of the Company. These Codes set ethical standards for Directors and Senior Management Personnel. Both the Codes are available on Company's website viz. www.gnfc.in 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 FY 21 is annexed to this Report.

Committees Of The Board

The committee constituted by the Board play an important role on governance structure of the Company.The Committees are in line with the SEBI (LODR) Regulations, 2015, as ammended and the Act, as amended. The minutes of the Committee Meetings are tabled at the next Board Meeting.

Composition of Committees of Directors

Your Company has following Board level Committees :

A. Audit Committee.

B. Nomination and Remmuneration Committee.

C. Stakeholders' Relationship Committee.

D. Corporate Social Responsibility Committee.

E. Risk Mangement Committee.

F. Project Committee.

G. Human Resource Development Committee.

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

A. AUDIT COMMITTEE

Constitution & Composition

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

Audit Committee presently comprises of Five (5) Directors viz.

Name	Category
Shri Sunil Parekh, Chairman	Non-Executive & Independent Director.
Prof. Ranjan Kumar Ghosh	Non-Executive & Independent Director.
Shri Piruz Khambatta	Non-Executive & Independent Director.
Smt. Gauri Kumar, IAS (Retd.)	Non-Executive & Independent Director.
Shri Pankaj Joshi, IAS	Managing Director, Executive & Non-Independent Director.

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 SEBI (LODR) Regulations, 2015 read with Section 177 of the Act, which, inter-alia, include the followings:

i. Review of Quarterly and Annual Financial Statements with the Management before submission to the Board for approval;

ii. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;

iii. Review of adequacy of Internal Control Systems and procedures;

iv. Evaluation of internal financial controls and Risk Management Systems;

v. Review of reports furnished by the Internal Auditors; and

vi. 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 21, Four (4) Meetings of the Audit Committee were held with a time-gap of not more than 120 days between any two meetings. The dates on which the said Meetings were held are: 10.07.2020, 31.08.2020, 05.11.2020, and 03.02.2021. Requisite quorum was present for all the meetings.

Attendance at the Meetings

Attendance of each Member at the Audit Committee Meetings held during 2020-21.

Member	No. of Meetings held during the tenure of Membership	No. of Meetings Attended
Shri Sunil Parekh, Chairman	4	4
Shri Piruz Khambhatta	4	2
Prof. Ranjan Kumar Ghosh[1]	NA	NA
Smt. Gauri Kumar, IAS (Retd.)[2]	3	3
Shri Pankaj Joshi, IAS[3]	3	3
Prof. Arvind Sahay[4]	2	2
Shri M S Dagur[5]	1	1

1. Appointed as a Member of the Committee on 04.02.2021.
2. Appointed as a Member of the Committee on 31.08.2020.
3. Appointed as a Member of the Committee on 31.08.2020.
4. Ceased to be a Member of the Committee w.e.f 30.09.2020.
5. Ceased to be a Member of the Committee w.e.f 15.07.2020

Shri Sunil Parekh, who is Chairman of Audit Committee remained present at the AGM of the Company held on 29th September, 2020.

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 Listing Regulations. This Committee presently comprises of Four (4) Directors viz.

Name	Category
Shri Piruz Khambatta, Chairman	Non-Executive & Independent Director.
Prof. Ranjan Kumar Ghosh	Non-Executive & Independent Director.
Smt. Gauri Kumar, IAS (Retd.)	Non-Executive & Independent Director.
Shri Sunil Parekh	Non-Executive & Independent Director.

Terms of Reference

The terms of reference of the Committee, inter-alia, include –

(i) Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board for their appointment and removal; and

(ii) Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.

(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).

Number of Meetings and Attendance

During FY 21 one Meeting of the committee was held on 22.03.2021. Requisite quorum was present for the Meeting.

Performance Evaluation Criteria For Independent Directors

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

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

(i) Exercise of objective independent judgment in the best interest of the Company.

(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 constitued in compliance with Section 178 of the Act and Regulation 20 of the Listing Regulations. This Committee presently comprises of Three (3) Directors viz.

Name	Category
Shri Sunil Parekh, Chairman	Non-Executive & Independent Director.
Smt. Mamta Verma, IAS	Non-Executive & Non-Independent Director.
Shri Pankaj Joshi, IAS	Managing Director, Executive & Non-Independent Director.

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 and Attendance

During FY 21 Six (6) meetings of the Committee were held. Dates on which the said Meetings were held are –10.06.2020, 06.08.2020, 29.10.2020, 11.11.2020, 11.01.2021, 25.02.2021.

No.	Name of Member	No. of Meetings held during the tenure of Membership	No. of Meetings Attended
1.	Shri M S Dagur[1]	1	-
2.	Shri Sunil Parekh	6	6
3.	Smt. Mamta Verma, IAS	6	6
4.	Shri Pankaj Joshi, IAS[2]	5	1

[1] Ceased to be a Member of the Committee w.e.f 15.07.2020.
[2] Appointed as a Member of the Committee w.e.f 16.07.2020.

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 Five (5) Directors viz. –

Name	Category
Smt. Gauri Kumar, IAS (Retd.), Chairperson	Non-Executive & Independent Director.
Shri Piruz Khambatta	Non-Executive & Independent Director.
Shri Sunil Parekh	Non-Executive & Independent Director.
Prof. Ranjan Kumar Ghosh	Non-Executive & Independent Director
Shri Pankaj Joshi, IAS	Managing Director, Executive & Non-Independent Director.

Terms of Reference

The terms of reference of the Committee, inter alia, include –

(i) Formulation and recommendation to the Board a CSR Policy indicating CSR projects / programs / activities to be undertaken falling within the purview of Schedule-VII to the Act;

(ii) Developing the process of monitoring CSR projects / programs / activities stated in CSR Policy from time to time; and

(iii) Ensuring that the Company spends on CSR Activities, in every financial year, at least 2% of the average Net Profits made during the three immediately preceding financial years in pursuance of its CSR Policy.

Numbers of Meetings & Attendance

During FY 21, One (1) Meeting of the Committee was held on 28.08.2020. Requisite quorum was present for the Meeting.

E. RISK MANAGEMENT COMMITTEE

Constitution & Composition

Risk Managment Committee was constitued at the Board Meeting held on 11th February, 2019 in compliance with the amended Regulation 21 of the Listing Regulations. This Committee presently comprises of following Six (6) Members viz.

Name	Category
Shri Pankaj Joshi, IAS, Chairman	Managing Director, Executive & Non-Independent Director.
Shri Sunil Parekh,	Non-Executive & Independent Director.
Shri Piruz Khambatta	Non-Executive & Independent Director.
Smt. Gauri Kumar, IAS (Retd.)	Non-Executive & Independent Director
Shri D.V.Parikh	Member & CFO.
Shri A C Shah	Member & CS.

- The Company Secretary also acts as Secretary to the Committee.

Terms of Reference

The terms of reference of the Committee, inter alia, include –

(i) To implement and monitor the risk management plan and policy of the Company.

(ii) To assist the Board in monitoring and reviewing the risk management plan and implementation of the risk management framework of the Company.

(iii) Reviewing and evaluating the Company's risk management policy and practises from time to time on need basis.

(iv) Review of risk assessment and mitigation procedure including review of cyber security risk which are forever a threat on account of the fast evolving nature of the threat. In addition to impact on business operations, a security breach could result in reputational damage, penalties and legal and financial liabilities.

(v) Validating the process of risk management and risk minimization.

(vi) Be aware and concur with the Company's risk appetite including risk levels, if any, set for financial and operational risks.

(vii) Ensure that the Company is taking appropriate measures to achieve prudent balance between risks and reward in both ongoing and new business activities.

(viii) Coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issues relating to risk management policy or practices).

(ix) Assess risks to the effective execution of business strategy and review key leading indicators in this regard.

(x) Reviewing the top risk at function / business unit / Company level and critically examine whether the mitigation plans / procedure are on track or not and whether any interventions are required.

(xi) To carry out other functions as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

Number of Meetings and Attendance

During FY 21, One (1) Meeting of the Committee was held on 18.03.2021. Requisite quorum was present for the Meeting.

COMPLIANCE OFFICER

Shri A C Shah, Company Secretary is the Compliance Officer of the Company for complying with the requirements of the SEBI (LODR) Regulations, 2015 as also of 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 31st March, 2021, 10 complaints were received from the Shareholders.

Status of Investor Complaints as on March 31, 2021 as reported under Regulation 13(3) of the Listing Regulations is as follows:

Complaints pending as on 1st April, 2020.	0
Received during the year.	10
Resolved during the year.	10
Pending as on 31st March, 2021.	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.

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 15th March, 2021.

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 such as operational and financial highlights, various Plants with installed capacity and products manufactured by the Company, CSR activities, etc., their role, rights and responsibilities, nature of industry in which the Company operates, business model of the Company, etc. While considering quarterly and Annual Financial Results, a presentation is made to the Audit Committee and the Board of Directors, inter-alia, covering operational and financial performance of the Company.

The familiarization programme is disclosed on the Company's website and can be accessed at web link –https://www.gnfc.in/wp-content/uploads/2021/03/Familarisation-of-IDs.pdf

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

The Board has approved "Nomination, Remuneration & Evaluation Policy" based on the recommendation of Nomination & Remuneration Committee. The said Policy, inter alia, deals with composition and functioning of Nomination & Remuneration Committee, procedure for selection and appointment of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP), remuneration to Directors, KMP and SMP, performance evaluation of Directors, Board Diversity and criteria for performance evalution 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), the Governemnt of Gujarat (GoG) had vide its Order No. AIS/45.2020/GNFC/G dated 15-07-2020 nominated Shri Pankaj Joshi, IAS, Addl. Chief Secretary to GoG, Finance Department, as Mananging Director (Managing Direcor) on the Board of Directors of the Company effective from 16.07.2020 until further orders from the GoG. No remuneration was paid to him for holding the additional charge of Managing Director for FY 21.

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 were paid sitting fees @ ₹ 15,000/- per Meeting attended by them. The Board of Directors in its Meeting held on 04.02.2021 approved the sitting fees to ₹ 17,500/- per Meeting from immediate effect.

Details of Sitting Fees paid to Non-Executive Directors during FY 21.

Sr. No.	Name of Director	Sitting Fees Paid (Amount in ₹)
1.	Shri Anil Mukim, IAS	62,500/-*
2.	Smt. Mamta Verma, IAS	1,10,000/-*
3.	Smt. Gauri Kumar, IAS (Retd.)	1,90,000/-
4.	Shri Arvind Agarwal, IAS (Retd.)	60,000/-
5.	Prof. Arvind Sahay	75,000/-
6.	Prof. Ranjan Kumar Ghosh	67,500/-
7.	Shri Sunil Parekh	3,72,500/-
8.	Shri Mukesh Puri, IAS	32,500/-*
9.	Shri Piruz Khambatta**	NIL

* Amount deposited in Government Treasury.

** Opted not to receive Sitting Fees.

Equity shares held in the Company by Non-Executive Directors

None of the Non-Executive Directors held the Company's equity shares as on 31st March, 2021. The Company has not issued any convertible instruments. Besides, the Company has also not granted any Stock Option to its Directors.

General Body Meetings

(a) Annual General Meeting (AGM)

Previously, the Company's AGM were held at the Registered Office of the Company at Open Air Theatre, Sports Complex, Narmadanagar Township, P.O.: Narmadanagar – 392 015. Dist.: Bharuch. However, due to the unpreceedented outbreak of Covid-19 pandemic, the 44th AGM of the Company (held on 29.09.2020) was held through Video Conferencing. The date and time of AGMs held during last three years and the Special Resolutions passed thereat are as follows:

FY	Date of AGM	Time	Special Resolution Passed
2019-20	29/09/2020	03:00 PM	-------None-----
2018-19	26/09/2019	11.30 AM	-------None-----
2017-18	29/09/2018	11:00 AM	(i) Re-Appointment of Shri Sunil Parekh as an Independent Director. (ii) Re-Appointment of Shri Piruz Khambatta as an Independent Director.

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 21.

Postal Ballot

No postal ballot was conducted during FY 21. No resolution is proposed to be passed through postal ballot at the forthcoming AGM.

OTHER DISCLOSURES

Related Party Transactions

The Company has formulated a Policy on Related Party Transactions (RPTs) which is available on the Company's website and can be accessed at web link - https://www.gnfc.in/wp-content/uploads/2021/04/Related-Party-Transactions-Policy.pdf

During FY 21, 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 granted 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.

Governance of Subsidiary Companies

The minutes of the Board Meetings of the subsidiary along with the details of significant transactions and arrangements entered into by the subsidiary company are shared with the Board of Directors on a quarterly basis. The financial statements of the subsidiary companies are presented to the Audit Committee. The Company does not have a material subsidiary as on the date of this report, having a net worth exceeding 10% of the consolidated net worth or income of 10% of the consolidated income of your Company.

Subsidiary Company

The Company has incorporated a Wholly Owned Subsidiary (WOS) in the name of "Gujarat Ncode Solutions Limited" on 28th February, 2017. The Minutes of Board Meetings of WOS are placed before the Company's Board regularly. Since from the date of incorporation, the said company has not commenced its commercial activities. The formalities for striking off of name of the company from the Registrar of the Companies, Ministry of Corporate Affairs is under process. The Company does not have any material subsidiary.

Accounting treatment

The Company has followed Indian Accounting Standards (Ind AS) in preparation of the Financial Statements for FY 21 as per the road map announced by the Ministry of Corporate Affairs, Government of India (MCA). The Significant Accounting Policies which are consistently applied are set out in the Notes to Financial Statements.

Details of Non-compliance

The Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards.

There has been no fine / penalty / stricture imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to capital markets during last three financial years, except for the matter mentioned hereabove.

Risk Management

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

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

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 21, 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 SEBI 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 specifed 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.

Means of Communication

a. Financial Results

The quarterly, half-yearly and annual financial results of the Company are published in the leading newspapers in India and displayed on the Company's website. The quarterly results are generally published in prominent English and Gujarati daily news-papers and are displayed on the Company's Website. The financial results of the Company are put on the website of the Company after these are submitted to the Stock Exchange at https://www.gnfc.in.

b. Annual Report

Pursuant to the MCA circulars and SEBI Circulars, the Annual Report for FY 20 containing the Notice of AGM was sent through email to all those Members whose email IDs were registered with the Company/ Depository Participants.

c. Press Release / Investor Presentations

The Company also issues press releases from time to time concerning financial results and material events. The Company participates in various investor conferences and analyst meets. Press releases, Transcript of Investor Analyst are submitted to the stock exchanges as well as are hosted on the website of the Company.

d. Communication related to Dividend and updation of records

The Company issues various reminder letters to shareholders whose dividend is outstanding, PAN, BANK details are not updated and those whose shares are liable to transfer to IEPF.

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 Complaints Committee to redress the complaint(s).

The Details of the complaints

No. of Complaints filed during the financial year.	NIL
No. of Complaints disposed of during the financial year.	NIL
No. of Complaints pending as on end of the financial year.	NIL

THE FOLLOWING IS THE LIST OF CREDIT RATINGS OBTAINED BY THE COMPANY DURING THE FY 21 :

Nature of Instrument	Current Rating
Fund Based facilities	(ICRA) AA+ (stable) (pronounced ICRA - Double A Plus)
Non-Fund Based facilities	(ICRA) A1+ (pronounced ICRA - A One Plus)
Commercial Paper Programme	(ICRA) A1+ (pronounced ICRA - A One Plus)

CERTIFICATION FROM COMPANY SECRETARY IN PRACTICE

Certificate as required under Part C of Schedule V of 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.

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, IS GIVEN BELOW.

(₹ Crores)

Name of the Staturory Auditor	Total Amount
M/s SRBC & Co. LLP	
Statutory Audit Fee.	0.16
Other Services including reimbursement of expenses.	0.27

COMPLIANCE

Mandatory Requirements

The Company is fully compliant with the applicable mandatory requirements of the Listing Regulations for the FY 21.

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 mentioned below:

i. Non-Executive Chairman's Office: Chairman's Office is separate from that of the Managing Director.

ii. Shareholders' Rights: The quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's Website.

iii. Modified Opinion in Auditors Report: The Company's Financial Statements for the Financial Year ended 31st March, 2021 do not contain any modified Audit Opinion.

iv. Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee. They regularly attend the Meetings of the Audit Committee wherein they present their Audit Observations to the Audit Committee.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Day	:	Thursday.
Date	:	23rd September, 2021.
Time	:	3:00 PM.
Venue	:	The AGM of the Company is being held through VC/OAVM. The deemed venue for the 45th AGM will be the Registered Office of the Company, at the Board Room, P.O. Narmadanagar - 392 015, District: Bharuch.
Financial Year	:	1st April, 2020 to 31st March, 2021.

Financial Calendar : (Tentative)

Results for the Quarter ending on	**Announced / will be announced by**
30th June, 2021.	14th August, 2021.
30th September, 2021.	14th November, 2021.
31st December, 2021.	14th February, 2022.
31st March, 2022.	30th May, 2022.

Books Closure

Closure of Register of Members and Share Transfer Books	:	Saturday, the 21st August 2021 to Wednesday, the 25th August 2021 (Both days inclusive).
Dividend Payment Date	:	Dividend @ 80% i.e. ₹ 8/- per equity share of ₹ 10/- each fully paid up will be paid on or after 1st October, 2021, subject to approval by the Shareholders at the Annual General Meeting.
Corporate Identity No. (CIN)	:	L24110GJ1976PLC002903

Listing :

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

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

   Exchange Plaza, 5th Floor, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051;

2) **BSE Limited (BSE).**

   PJ Towers, Dalal Street, Mumbai - 400 001.

Listing Fees to Stock Exchanges

The Company has paid Annual Listing Fees to NSE and BSE for FY 22.

Custodial Fees to Depositories

The Company has paid Custodial Fees to National Securities Depository Ltd. (NSDL), and Central Depository Services (India) Ltd. (CDSL), for FY 22.

OTHER DETAILS

Details of Security

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

Stock Market Price Data

Monthly High & Low of Company's share price on BSE Limited (BSE) and National Stock Exchange of India Ltd. (NSE), during FY 21 are as follows:

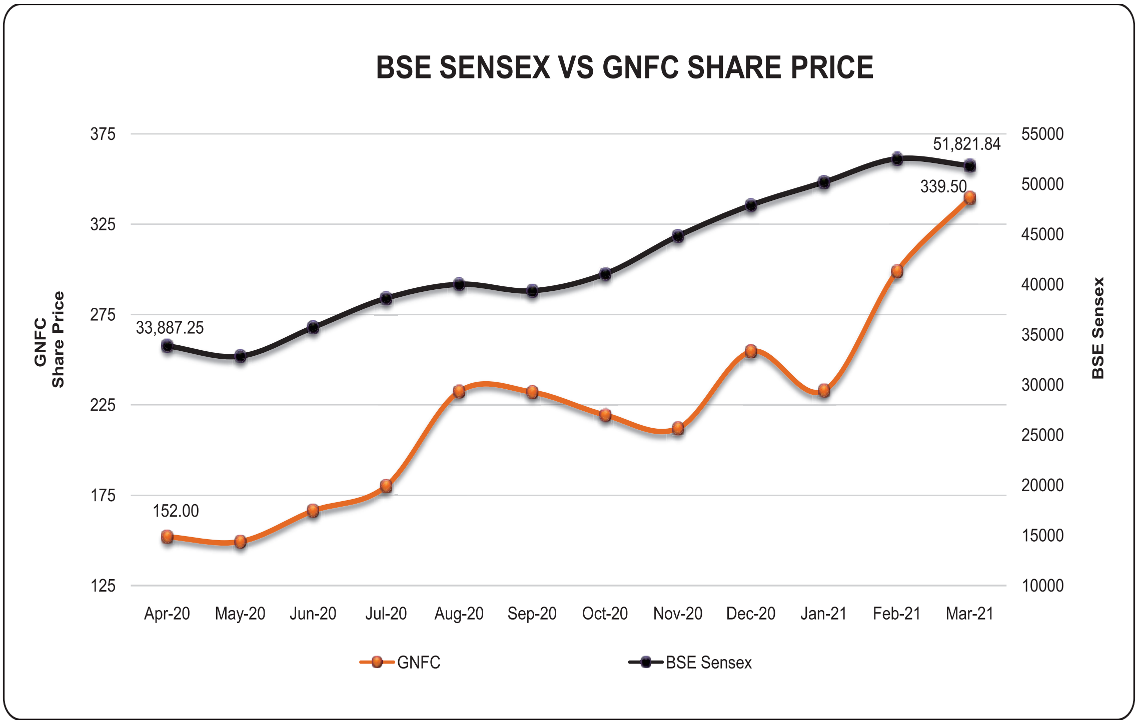
(Amount in ₹)

Month	BSE		NSE	
	High Price	Low Price	High Price	Low Price
2020 - April	152.00	108.00	151.80	108.05
May	149.30	124.25	148.90	124.40
June	166.35	135.50	166.40	136.00
July	180.00	151.50	179.75	151.25
August	232.30	161.70	232.50	161.55
September	232.00	185.00	232.35	185.20
October	219.35	183.25	219.45	183.20
November	212.00	189.75	211.85	189.35
December	254.50	205.30	254.75	205.55
2021 – January	232.90	202.50	233.00	202.30
February	298.90	209.25	299.00	209.25
March	339.50	278.70	339.70	278.70

STOCK PERFORMANCE 2020-21

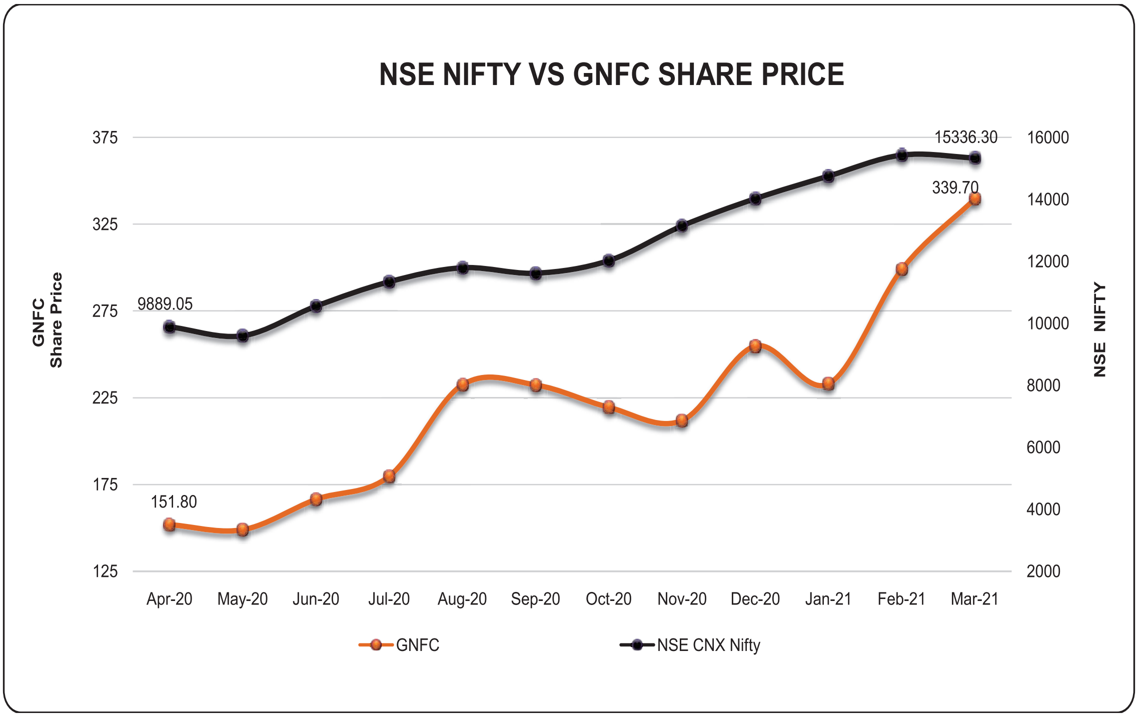
STOCK PERFORMANCE VS BSE INDEX

Months	GNFC HIGHEST (In ₹)	BSE SENSEX HIGHEST
Apr-20	152.00	33,887.25
May-20	149.30	32,845.48
Jun-20	166.35	35,706.55
Jul-20	180.00	38,617.03
Aug-20	232.30	40,010.17
Sep-20	232.00	39,359.51
Oct-20	219.35	41,048.05
Nov-20	212.00	44,825.37
Dec-20	254.50	47,896.97
Jan-21	232.90	50,184.01
Feb-21	298.90	52,516.76
Mar-21	339.50	51,821.84



STOCK PERFORMANCE VS S&P CNX NIFTY

Month	GNFC HIGHEST (In ₹)	NSE CNX Nifty
Apr-20	151.80	9889.05
May-20	148.90	9598.85
Jun-20	166.40	10553.15
Jul-20	179.75	11341.40
Aug-20	232.50	11794.25
Sep-20	232.35	11618.10
Oct-20	219.45	12025.45
Nov-20	211.85	13145.85
Dec-20	254.75	14024.85
Jan-21	233.00	14753.55
Feb-21	299.00	15431.75
Mar-21	339.70	15336.30



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 within seven 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, ₹ 1.18 Crore of unpaid / unclaimed dividends and 2,22,392 shares were transferred during the FY 21 to the IEPF Authority.

Nodal Officer Shri A C Shah, Company Secretary & General Manager (Legal) of the Company acts as a Nodal Officer for the purpose of co-ordination with the IEPF Authority as to ensure processing and verification of claims by the shareholders in time bound manner.

Investors' Services:

The Company is registered with the Securities & Exchange Board of India (SEBI) as an in-house Share Transfer Agent - Category - II. Entire work relating to registration of physical transfer of shares as well as dematerialisation / rematerialisation of securities was handled by the Company in-house. With effect from 5th March, 2021 the Company has appointed "M/s. KFin Technologies Private 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 Private 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 also obtains a certificate from the Practicing company Secretary on half yearly basis under Regulation 40(9) of the LODR Regulations, to the effect that all share certificates have been issued within 30 days of lodgment of the transfer, sub-division, consolidation and renewal and files the same with stock exchanges.

DISTRIBUTION OF SHARE HOLDING AS ON 31st MARCH, 2021.

Sr. No	Category of Equity Shares	No of Share holders	% to total Share holders	No of Shares	% to Total Equity Capital
1	1 - 250	2,09,246	88.60	1,45,27,858	9.35
2	251 - 500	14,410	6.10	54,72,882	3.52
3	501 -1000	6,634	2.81	52,18,687	3.36
4	1001 - 2000	2,995	1.27	45,55,247	2.93
5	2001 - 3000	938	0.39	24,10,136	1.54
6	3001 - 4000	472	0.20	17,19,281	1.11
7	4001 - 5000	353	0.15	16,75,957	1.08
8	5001 - 10000	548	0.23	40,25,944	2.59
9	10001 and above	583	0.25	11,58,12,791	74.52
	Total	**2,36,179**	**100.00**	**15,54,18,783**	**100.00**

SHAREHOLDING PATTERN OF THE COMPANY AS ON 31ST MARCH, 2021.

Sr. No	Category of Shareholders	Total No. of Shares	% of Total Equity Capital
1	Promoters & Promoters Group.	6,40,06,713	41.18
2	Mutual Funds.	61,92,829	3.98
3	Banks	8,209	0.01
4	Alternative Investment Fund	67,000	0.04
5	Clearing Members	8,71,188	0.56
6	Foreign Institutional Investors	600	0.00
7	Foreign Nationals	5,864	0.00
8	Foreign Portfolio - Corp	1,55,97,597	10.05
9	HUF	22,01,568	1.42
10	IEPF	22,46,747	1.45
11	Indian Financial Institutions	12,00,000	0.77
12	Insurance Companies	575	0.00
13	Bodies Corporates	49,16,583	3.16
14	NBFC	13,283	0.01
15	Non Resident Indians	25,61,928	1.65
16	Non Resident Indian Non Repatriable	5,64,211	0.36
17	Overseas Corporate Bodies	700	0.00
18	Resident Individuals	4,48,70,546	28.87
19	Qualified Institutional Buyer	99,96,021	6.43
20	Trusts	96,621	0.06
	Total	**15,54,18,783**	**100.00**

Dematerialization of Shares & Liquidity:

As on 31st March, 2021, 95.87% 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.

Non-resident Shareholders:

The non-resident shareholders are requested to notify the followings to the Company's RTA - KFin Tech / Company 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 1st April, 2020 to 31st March, 2021 as per Clause 39(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31.03.2021:

Sr. No.	Particulars	No. of Shareholders	No. of Shares
(i)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year.	562	35985
(ii)	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year.	03	99
(iii)	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year.	03	99
(iv)	No. of Shares liable to be transferred to IEPF Authority Demat A/C as per IEPF Authority Rules	Nil	Nil
(v)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	559	35886

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.

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, 3rd Floor, Bodakdev, Gandhinagar-Sarkhej Highway, Ahmedabad - 380 054 and at GIFT City, 14th Floor, GIFT One Road, 5-C Zone-5, Gandhinagar – 382 355.

Address for Correspondence:
All correspondence relating to company's shares should be forwaded to :
Registrar and Share Transfer Agents of the company:

R&T Name and Address

KFin Technologies Private Limited.
Unit : Gujarat Narmada Valley Fertilizers & Chemicals Ltd.
203, Second Floor,
Above Anjoy The Family Restaurant,
Corner Point ,Jetalpur Road,
Vadodara, Gujarat- 390 007
Email: einward.ris@kfintech.com

or

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), 02642-202227/202208/202282.
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 (LODR) Regulations, 2015, I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with their respective Code of Conduct as adopted by the Board of Directors of the Company, for the Financial Year ended 31st March, 2021.

Sd/-
PANKAJ JOSHI, IAS
MANAGING DIRECTOR

Place: Bharuch

Date: 14th August, 2021

CORPORATE GOVERNANCE CERTIFICATE

[For the Financial Year ended March 31, 2021 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, 2021("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 theperiod 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: A009711C000782692

Place: Vadodara

Date: 14th August, 2021

CERTIFICATE ON NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C Clause 10 (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Members of 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) as considered necessary and explanations furnished to us by the Company, its officers and representatives, wehere by certify that none of the Directors on the Board of the Company, as stated below for the Financial Year ended as on March 31, 2021, 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
1	Shri Anil Mukim, IAS Chairman	Promoter, Non-Executive, Non-Independent	02842064	13-12-2019	
2	Shri M S Dagur Managing Director[1]	Promoter, Executive, Non-Independent	01622222	16-07-2018	
3	Smt. Gauri Kumar, IAS (Retd.)	Non-Executive, Independent	01585999	30-03-2020	29-09-2020
4	Smt. Mamta Verma, IAS	Non-Executive, Non-Independent	01854315	05-10-2015	26-09-2019
5	Shri Sunil Parekh	Non-Executive, Independent	06992456	10-10-2014	29-09-2018
6	Prof. Arvind Sahay[2]	Non-Executive, Independent	03218334	04-08-2014	29-09-2017
7	Shri Piruz Khambatta	Non-Executive, Independent	00502565	10-10-2014	29-09-2018
8	Shri B. B. Bhayani[3]	Non-Executive, Non-Independent	07438543	11-02-2020	
9	Shri Pankaj Joshi Managing Director[4]	Promoter, Executive Director, Non-Independent	01532892	16-07-2020	
10	Shri Mukesh Puri[5]	Non-Executive, Non-Independent	03582870	07-01-2021	
11	Prof. Ranjan Kumar Ghosh[6]	Non-Executive, Independent	08551618	29-10-2020	
12	Shri Arvind Agrawal, IAS (Retd.)[7]	Non-Executive, Non-Independent	00122921	10-06-2020	29-09-2020

Notes:

1. Ceased to be a Director and Managing Director w.e.f. 15.07.2020 after Office Hours.
2. Ceased to be an Independent Director of the Company consequent upon completion of second term on 30.09.2020.
3. Ceased to be a Director vide resignation w.e.f. 05.06.2020.
4. Appointed as a Director and Managing Director w.e.f. 16.07.2020.
5. Appointed as an Additional Director w.e.f. 07.01.2021.
6. Appointed as an Additional Director (Independent Category) w.e.f. 29.10.2020.
7. Ceased to be a Director vide Resignation w.e.f. 07.12.2020.

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: A009711C000782802

Place: Vadodara
Date: August 14, 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Gujarat Narmada Valley Fertilizers & Chemicals Limited (the "Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS 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 Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India 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 Ind AS financial statements.

Emphasis of Matter – DOT Demand Notice

We draw attention to Note 42(B) to the standalone Ind AS financial statements regarding a matter relating to demand of ₹ 16,359.21 crores 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 opinion taken by the Company and its assessment of the said demand, the Company is of the view that no provision is necessary in respect of this matter.

Our opinion is not modified in respect of this 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 Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Recognition and measurement of Urea Subsidy Income	
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. During the year ended March 31, 2021, the Company has recognized Urea Subsidy Income of ₹ 909.44 crores and has outstanding Urea subsidy receivables of ₹ 241.91 crores (including ₹ 66.37 crores outstanding for more than one year as at March 31, 2021). 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. Accordingly, recognition and measurement of subsidy income is determined to be a key audit matter for our audit of standalone Ind AS financial statements.	Our audit procedures included the following: • We assessed the Company's revenue recognition policy for Urea Subsidy Income. • 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. • 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. • 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. • We reviewed follow-ups made by the Company with the Department of Fertilizers, Government of India and management assessment of recoverability of aged balances. • We tested the collections made during the year as well as subsequent period against such subsidy income recognized by the Company. • We assessed the appropriateness of disclosures in the Standalone Ind AS financial statements in respect of Urea Subsidy Income.
Valuation of Inventories, including Stores and Spares	
The Company has total inventory of ₹ 813.34 crores which comprises of raw material inventory ₹ 186.69 crores, work-in-progress inventory ₹ 36.79 crores, finished goods inventory ₹ 113.26 crores, trading inventory ₹ 2.22 crores and stores and spares inventory (including coal inventory of ₹ 81.67 crores) ₹ 474.38 crores (net of provision for inventory obsolescence) as at March 31, 2021. The Company has created a provision of ₹ 8.94 crores against inventory of stores and spares based on evaluation of its usability including for aged items. 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 Ind AS financial statements.	Our audit procedures included the following: • We reviewed the management policy for physical verification and the documents related to management's physical count procedure actually followed during the year. • We understood the management process for assessment of value in use/ net realisable value of various class of inventories and making provision for obsolete inventory. • We reviewed the management's judgement applied in estimating the value of inventory obsolescence for stores & spares, taking into consideration management assessment of the present and future condition of the inventory. • 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. • We have performed Physical verification of inventories as at March 31, 2021. Our procedures did not identify any material exceptions.

Information Other than the Standalone Ind AS 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 standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS 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 Ind AS 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Ind AS financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended including the Companies (Indian Accounting Standards) Amendment Rules, 2020;
   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
   (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors 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 Ind AS financial statements – Refer Note 35 to the standalone Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 20 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.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Ravi Bansal
Partner
Membership Number: 049365
UDIN: 21049365AAAABC9888

Place of Signature: Mumbai
Date: May 17, 2021

Continue on next page...

ANNEXURE 1 REFERRED TO IN PARAGRAPH ON REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF OUR REPORT OF EVEN DATE OF GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED FOR THE YEAR ENDED MARCH 31, 2021

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets of the Company were physically verified by the management pursuant to the program of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given by the management the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company. In respect of immovable properties of land that have been taken on lease and disclosed as property, plant and equipment (Note 4) in the financial statements, the lease agreement for two parcels of the leasehold land with an aggregate carrying value of ₹ 40.80 crores (Aggregate Gross block of ₹ 43.05 crores) as at March 31, 2021 are yet to be entered in the name of the Company, although the Company is the lessee as per the arrangement.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2021 and discrepancies noticed in respect of such confirmations were material and have been properly dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, the Company has not advanced any loans to directors / to a Company in which the director is interest to which provisions of Section 185 of the Companies Act, 2013 apply and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of section 186 of the Companies Act 2013 in respect of loans and advances given, investment made and guarantees, and securities given have been complied with by the Company.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. However, in regard to the unclaimed deposits the Company has complied with the provisions of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended).

(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) (a) Undisputed statutory dues including provident fund, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of excise, value added tax and cess 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	CESTAT, Ahmedabad	2015-2016	0.05	0.05
		Commissioner Appeals, Baroda	2009-2013	125.22	125.22
Central Sales Tax Act, 1994/Gujarat Value Added Tax Act, 2004	Value Added Tax/Central Sales tax	Gujarat Value added Tax tribunal	2006-07	14.71	14.21
			2007-08	20.00	19.50
		Joint Commissioner, Baroda	2014-15	17.07	16.97

* Net of Amount paid under protest

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to banks. The Company did not have any outstanding loans or borrowings dues in respect of financial institutions, government or dues to debenture holders during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud / material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Ravi Bansal
Partner
Membership Number: 049365
UDIN: 21049365AAAABC9888

Place of Signature: Mumbai
Date: May 17, 2021

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

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (THE "ACT")

We have audited the internal financial controls over financial reporting of Gujarat Narmada Valley Fertilizers & Chemicals Limited (the "Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, 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, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone Ind AS 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 Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

A Company's internal financial controls over financial reporting with reference to standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls over financial reporting with reference to these standalone Ind AS 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 Standalone Ind AS Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Ravi Bansal
Partner
Membership Number: 049365
UDIN: 21049365AAAABC9888

Place of Signature: Mumbai
Date: May 17, 2021

STANDALONE BALANCE SHEET AS AT MARCH 31, 2021

(₹ Crores)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	4	**3,679.72**	3,768.07
(b) Capital work-in-progress	4	**160.90**	81.90
(c) Investment property	5	**17.70**	18.13
(d) Right of use asset	38	**1.83**	1.78
(e) Intangible assets	6	**21.10**	22.48
(f) Financial assets			
(i) Investments	7	**781.14**	595.93
(ii) Loans and advances	8	**107.85**	102.22
(iii) Other financial assets	9	**14.85**	14.34
(g) Income tax assets (net)	25	**9.77**	11.47
(h) Other non-current assets	11	**73.28**	77.39
		4,868.14	4,693.71
II. Current assets			
(a) Inventories	12	**813.34**	932.35
(b) Financial assets			
(i) Investments	7	**72.23**	-
(ii) Trade receivables	10	**509.55**	1,413.42
(iii) Cash and cash equivalents	13	**137.17**	65.74
(iv) Other bank balances	14	**1,313.56**	123.26
(v) Loans and advances	8	**418.19**	183.86
(vi) Other financial assets	9	**58.34**	782.82
(c) Other current assets	15	**109.76**	146.71
		3,432.14	3,648.16
Total Assets		**8,300.28**	8,341.87
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	**155.42**	155.42
(b) Other equity	17	**5,828.25**	5,067.08
		5,983.67	5,222.50
Liabilities			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	38	**1.05**	0.67
(ii) Other financial liabilities	20	**5.12**	-
(b) Provisions	21	**260.23**	243.19
(c) Deferred tax liabilities (net)	25	**390.91**	316.08
(d) Government grants (deferred income)	22	**698.51**	759.16
		1,355.82	1,319.10
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	**2.16**	858.64
(ii) Lease liabilities	38	**0.85**	1.18
(iii) Trade payables:	19		
(A) Total outstanding dues of micro and small enterprises		**23.22**	32.56
(B) Total outstanding dues of creditors other than micro and small enterprises		**437.02**	480.84
(iv) Other financial liabilities	20	**255.08**	225.39
(b) Other current liabilities	23	**99.80**	52.74
(c) Provisions	24	**34.92**	62.28
(d) Government grants (deferred income)	22	**66.58**	62.50
(e) Current tax liabilities (net)	25	**41.16**	24.14
		960.79	1,800.27
Total Equity and Liabilities		**8,300.28**	8,341.87

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

For and on behalf of the Board of Directors,

D. V. Parikh
General Manager & CFO

A. C. Shah
Company Secretary

Shri Pankaj Joshi, IAS
Managing Director

Shri Anil Mukim, IAS
Chairman

Place : Gandhinagar
Date : May 17, 2021

AS PER OUR REPORT OF EVEN DATE
For **S R B C & CO LLP**
Chartered Accountants
(Firm Registration No. 324982E/E300003
per Ravi Bansal
Partner
Membership Number: 049365

Place : Mumbai
Date : May 17, 2021

STATEMENT OF STANDALONE PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(₹ Crores)

Particulars	Notes	Year Ended March 31, 2021	Year Ended March 31, 2020
Income			
Revenue from operations	26	**5,128.69**	5,162.42
Other income	27	**237.23**	152.67
Total		**5,365.92**	5,315.09
Expenses			
Cost of raw materials consumed	28	**2,224.83**	2,733.89
Purchase of traded goods		**13.57**	16.11
Purchase of goods and services - IT division		**21.19**	26.93
Decrease / (Increase) in inventories of finished goods, work-in-progress and traded goods	29	**68.53**	(39.17)
Power, fuel and other utilities		**767.78**	829.30
Employee benefits expense	30	**451.47**	513.30
Finance costs	31	**19.95**	5.27
Depreciation and amortisation	32	**272.30**	264.33
Other expenses	33	**577.99**	540.35
Total		**4,417.61**	4,890.31
Profit before tax		**948.31**	424.78
Tax expense / (credit)			
Current tax		**277.96**	75.51
Excess tax provision write back of earlier years		**(0.09)**	(10.64)
Deferred tax (credit)		**(18.77)**	(138.94)
Total tax expense / (credit)	25	**259.10**	(74.07)
Profit for the year	**(A)**	**689.21**	498.85
Other comprehensive income / (expense)			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gain / (losses) on defined benefit plans		**16.92**	(17.47)
Income tax effect (charge) / credit	25	**(5.91)**	3.05
Net gain / (loss) on FVTOCI equity investments		**185.20**	(135.70)
Income tax effect (charge) / credit	25	**(46.54)**	7.82
Net other comprehensive income / (expense) not to be reclassified to profit or loss in subsequent periods		**149.67**	(142.30)
Total other comprehensive income / (expense) for the year, net of tax	**(B)**	**149.67**	(142.30)
Total comprehensive income for the year, net of tax	**(A)+(B)**	**838.88**	356.55
Earnings per Share - (Face value of ₹ 10 each) Basic and Diluted (in ₹)	34	**44.35**	32.10

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

For and on behalf of the Board of Directors,

D. V. Parikh
General Manager & CFO

A. C. Shah
Company Secretary

Shri Pankaj Joshi, IAS
Managing Director

Shri Anil Mukim, IAS
Chairman

Place : Gandhinagar
Date : May 17, 2021

AS PER OUR REPORT OF EVEN DATE
For **S R B C & CO LLP**
Chartered Accountants
(Firm Registration No. 324982E/E300003
per Ravi Bansal
Partner
Membership Number: 049365

Place : Mumbai
Date : May 17, 2021

STATEMENT OF STANDALONE CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

(A) Equity share capital **(₹ Crores)**

Particulars	Notes	Amount
Balance as at April 01, 2019		**155.42**
Changes in equity share capital	16	-
Balance as at March 31, 2020		**155.42**
Changes in equity share capital	16	-
Balance as at March 31, 2021		**155.42**

(B) Other equity **(₹ Crores)**

Particulars	Reserves and surplus				Other Comprehensive Income FVTOCI reserve	Total
	Capital reserve	Securities premium	General reserve	Retained earnings		
	Note 17.1	Note 17.1	Note 17.1	Note 17.1	Note 17.2	
Balance as at April 01, 2019	**0.64**	**313.31**	**2,479.76**	**1,566.66**	**481.31**	**4,841.68**
Profit for the year	-	-	-	498.85	-	498.85
Other comprehensive (expense) for the year	-	-	-	(14.42)	(127.88)	(142.30)
Total comprehensive income for the year	-	-	-	484.43	(127.88)	356.55
Dividend paid during the year (refer Note 17.3)	-	-	-	(108.79)	-	(108.79)
Dividend distribution tax (refer Note 17.3)	-	-	-	(22.36)	-	(22.36)
Balance as at March 31, 2020	**0.64**	**313.31**	**2,479.76**	**1,919.94**	**353.43**	**5,067.08**
Profit for the year	-	-	-	689.21	-	689.21
Other comprehensive income for the year	-	-	-	11.01	138.66	149.67
Total comprehensive income for the year	-	-	-	700.22	138.66	838.88
Dividend paid during the year (refer Note 17.3)	-	-	-	(77.71)	-	(77.71)
Loss transferred from Other Comprehensive Income (refer sub note (a) to Note 17.2)	-	-	-	(61.26)	61.26	-
Balance as at March 31, 2021	**0.64**	**313.31**	**2,479.76**	**2,481.19**	**553.35**	**5,828.25**

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

For and on behalf of the Board of Directors,

D. V. Parikh	**A. C. Shah**	**Shri Pankaj Joshi, IAS**	**Shri Anil Mukim, IAS**
General Manager & CFO	Company Secretary	Managing Director	Chairman

Place : Gandhinagar
Date : May 17, 2021

AS PER OUR REPORT OF EVEN DATE
For **S R B C & CO LLP**
Chartered Accountants
(Firm Registration No. 324982E/E300003
per Ravi Bansal
Partner
Membership Number: 049365

Place : Mumbai
Date : May 17, 2021

STATEMENT OF STANDALONE CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

(₹ Crores)

Particulars	March 31, 2021	March 31, 2020
Cash flow from operating activities		
Profit before tax as per statement of profit and loss	**948.31**	424.78
Adjustments for:		
Impairment - capital work in progress	**-**	4.68
Loss on sale / discard / write off of property, plant and equipment (net)	**1.50**	0.05
(Gain) on Lease modification/ termination	**(0.02)**	(0.01)
(Gain) on sale of investments (net)	**(43.88)**	-
Depreciation and amortization	**272.30**	264.33
Interest expense / (income) on employee loan fair valuation	**6.61**	(2.13)
Interest income	**(85.94)**	(45.05)
Dividend income	**(11.80)**	(4.76)
Amortization of grant income	**(62.65)**	(65.55)
Fair valuation loss on investments measured at FVTPL (net)	**0.92**	-
Unclaimed loans / liabilities / excess provision for doubtful debt written back	**(6.04)**	(3.75)
Unrealised foreign exchange fluctuation loss / (gain)	**3.96**	(0.65)
Finance costs	**18.43**	3.25
Premium on forward contracts	**4.45**	0.42
Provision for Diminution in Value of Investments	**-**	0.01
Provision / Write off for Inventory obsolescence	**8.30**	2.49
Bad debts written off	**0.72**	0.33
Provision for doubtful debts / advances (net)	**17.88**	8.44
Operating profit before working capital changes	**1,073.05**	586.88
Movements in working capital :		
Decrease / (increase) in trade receivables, including Subsidy	**885.72**	(176.78)
Decrease / (increase) in inventories	**92.19**	(191.13)
(Increase) / decrease in financial assets	**(0.65)**	0.48
Decrease / (increase) in loans and advances and other assets	**31.06**	(18.43)
Increase / (decrease) in provision	**8.04**	(11.63)
(Decrease) / increase in trade payables and other liabilities	**(2.85)**	101.63
Increase in financial liabilities	**15.53**	42.82
Cash generated from operations	**2,102.09**	333.84
Income taxes paid (net)	**(217.69)**	(48.10)
Net cash flow generated from operating activities (A)	**1,884.40**	285.74
Cash flows from investing activities		
Payment for purchase of property, plant & equipment (Including capital work In progress and capital advances)	**(216.21)**	(131.30)
Proceeds from sale / concession received of property, plant and equipment	**0.92**	0.99
Advance for Purchase of investments (refer Note 9)	**-**	(758.92)
Proceeds from sale / maturity of investments / other advances	**696.45**	-
(Increase) in deposits with corporates (net)	**(235.00)**	(5.00)

STATEMENT OF STANDALONE CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

(₹ Crores)

Particulars	March 31, 2021	March 31, 2020
(Increase) in deposits / balances with banks (net)	**(1,190.30)**	(52.59)
Interest received	**80.95**	38.39
Dividend received	**7.38**	7.52
Net cash flow (used in) investing activities (B)	**(855.81)**	(900.91)
Cash flows from financing activities		
Proceeds from short term borrowings	**664.50**	862.56
Repayment of short term borrowings	**(1,497.48)**	(182.51)
Interest paid	**(18.66)**	(3.02)
Dividend paid (Including dividend distribution tax in previous year)	**(77.57)**	(130.59)
Premium on forward contracts	**(4.45)**	(0.42)
Net cash flow (used in) / generated from financing activities (C)	**(933.66)**	546.02
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**94.93**	(69.15)
Cash and cash equivalents at the beginning of the year	**40.08**	109.23
Cash and cash equivalents at the end of the year	**135.01**	40.08
Notes:		
Component of Cash and Cash equivalents		
- Cash on hand	**0.07**	-
- Debit balance in cash credit and overdraft accounts	**9.47**	0.82
- Balances with bank in current accounts	**4.44**	5.60
- Deposit with original maturity of less than three months	**123.19**	59.32
Total (refer Note 13)	**137.17**	65.74
Less: Cash credit and overdraft accounts (refer Note 18)	**2.16**	25.66
Total cash and cash equivalents	**135.01**	40.08

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

(1) 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.

(2) 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-20(a).

For and on behalf of the Board of Directors,

D. V. Parikh	**A. C. Shah**	**Shri Pankaj Joshi, IAS**	**Shri Anil Mukim, IAS**
General Manager & CFO	Company Secretary	Managing Director	Chairman

AS PER OUR REPORT OF EVEN DATE
For **S R B C & CO LLP**
Chartered Accountants
(Firm Registration No. 324982E/E300003
per Ravi Bansal
Partner
Membership Number: 049365

Place : Gandhinagar
Date : May 17, 2021

Place : Mumbai
Date : May 17, 2021

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1 Corporate information

The financial statements comprise financial statements of Gujarat Narmada Valley Fertilizers & Chemicals Limited ('the Company') for the year ended March 31, 2021. 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 17, 2021.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) including the Companies (Indian Accounting Statements) Amendement Rules, 2020.

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.

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 ₹, 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

c) Transactions and balances

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

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

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

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,

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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 47)
- Quantitative disclosures of fair value measurement hierarchy (refer Note 47.2)
- Investment in unquoted equity shares (refer Note 7)
- Investment properties (refer Note 5)
- Financial instruments (including those carried at amortized cost) (refer Note 47.1)

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, 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:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

- 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 or loss.

Dividends

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

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

Deferred tax

Deferred tax is provided using the liability approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

- In respect of deductible temporary differences associated with investments in associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The Company is eligible and claiming tax deductions available under section 80IA of the Income Tax Act, 1961 for a period of 10 years w.e.f FY 2011-12 in respect of windmill income and w.e.f FY 2012-13 in respect of co-generation power and steam unit (CPSU). In view of Company availing tax deduction under Section 80IA of the Income Tax Act, 1961, deferred tax has been recognized in respect of temporary difference, which will reverse after the tax holiday period in the year in which the temporary difference originate and no deferred tax (assets or liabilities) is recognized in respect of temporary difference which reverse during tax holiday period, to the extent such gross total income is subject to the deduction during the tax holiday period. For recognition of deferred tax, the temporary difference which originate first are considered to reverse first.

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.

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

h) Property, plant and equipment

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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.

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

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

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

j) Intangible assets

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

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

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:

<table>
<tr><th>Sr No</th><th>Intangible Assets</th><th>Method of Amortization</th><th>Estimated Useful life</th></tr>
<tr><td>1.</td><td>Computer software</td><td rowspan="2">on straight line basis</td><td>Six years or validity period whichever is lower</td></tr>
<tr><td>2.</td><td>Licenses</td><td>Over its useful life of 20 years</td></tr>
</table>

k) Borrowing costs

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

l) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 01, 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(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.

(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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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.

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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.

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 previous year 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, 2021

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, loans & advances and other financial assets of the Company (Refer note 47 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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 47 for further details) under this category.

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 ;

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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)

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit 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.

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended March 31, 2020, except for the adoption of new standards effective or amendments to the existing Indian Accounting Standards (Ind AS) as of April 01, 2020. The Company applies, for the first time, following new interpretations and amendments w.e.f., April 01, 2020 and do not have material impact on the financial statements of the Company.

- Amendments to Ind AS 1 & Ind AS 8 : Definition of Material;
- Amendments to Ind AS 10: Disclosures for non – adjusting events;
- Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform;
- Amendments to Ind AS 103 Business Combinations: Clarification on Definition of Business;
- Amendments to Ind AS 116: Covid-19-Related Rent Concessions.
- Amendments to Ind As 37 : Accounting of restructuring plan

The Company has not early adopted any other standards, interpretation and amendments that have been issued but are not yet effective/notified.

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 (including tax credit under Minimum Alternate Tax (MAT)) are recognized for unused tax credits to the extent that it is probable that taxable profit will be available against which the credits can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details on taxes are disclosed in Note 25.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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 40.

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 47 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, 2021

Note 4 : Property, plant and equipment

(₹ Crores)

	Land freehold	Land lease hold	Leasehold Land Deve-lopment	Buildings	Plant and equipment	Furniture and fixture	Vehicles	Office equipment	Roads, culverts and compound wall	Water supply and drainage system	Railway sidings	Total
Cost												
As at April 01, 2019	**111.03**	**240.54**	**-**	**429.70**	**6,608.43**	**33.17**	**7.15**	**12.82**	**64.54**	**127.17**	**3.77**	**7,638.32**
Additions	-	-	-	2.70	103.40	0.87	0.86	0.49	4.09	0.54	-	112.95
Disposals	-	-	-	-	(10.29)	(0.38)	(0.92)	(0.06)	-	-	-	(11.65)
As at March 31, 2020	**111.03**	**240.54**	**-**	**432.40**	**6,701.54**	**33.66**	**7.09**	**13.25**	**68.63**	**127.71**	**3.77**	**7,739.62**
Additions	-	-	9.62	10.00	155.74	2.10	0.42	0.49	2.90	0.60	-	181.87
Disposals	-	-	-	(0.67)	(24.91)	(0.83)	(0.88)	(1.90)	-	-	-	(29.19)
As at March 31, 2021	**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**
Depreciation / Amortisation												
As at April 01, 2019	**-**	**15.82**	**-**	**107.65**	**3,460.25**	**22.23**	**3.52**	**10.87**	**34.44**	**64.26**	**3.58**	**3,722.62**
Depreciation for the year	-	2.52	-	11.62	230.86	2.10	0.71	0.49	4.95	5.93	-	259.18
Disposals	-	-	-	-	(9.51)	(0.34)	(0.37)	(0.03)	-	-	-	(10.25)
As at March 31, 2020	**-**	**18.34**	**-**	**119.27**	**3,681.60**	**23.99**	**3.86**	**11.33**	**39.39**	**70.19**	**3.58**	**3,971.55**
Depreciation for the year	-	2.53	0.12	11.78	239.17	1.90	0.67	0.50	5.22	6.06	-	267.95
Disposals	-	-	-	(0.07)	(23.28)	(1.06)	(0.71)	(1.80)	-	-	-	(26.92)
As at March 31, 2021	**-**	**20.87**	**0.12**	**130.98**	**3,897.49**	**24.83**	**3.82**	**10.03**	**44.61**	**76.25**	**3.58**	**4,212.58**
Net Block												
As at March 31, 2021	**111.03**	**219.67**	**9.50**	**310.75**	**2,934.88**	**10.10**	**2.81**	**1.81**	**26.92**	**52.06**	**0.19**	**3,679.72**
As at March 31, 2020	111.03	222.20	-	313.13	3,019.94	9.67	3.23	1.92	29.24	57.52	0.19	3,768.07

Notes :

a. 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.

b. 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.

c. During the previous year the Company had received concession amounting to ₹ 0.36 crores towards TDI II project, which has been adjusted to the carrying value of plant and equipment in terms of para 37 of Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The gain (adjustment) of ₹ 0.10 crores arising on decapitalisation is transferred to Other income (refer Note 27).

d. During the previous year the Company had capitalised ₹ 85.33 crores of spares, stand by equipment which were of capital nature and meet the definition of property, plant and equipment in accordance with para 8 of Ind AS 16 - "Property, Plant and Equipment" which were shown as addition in plant and equipment.

e. Assets given on lease includes plant and equipment :

- Cost as at March 31, 2021 is ₹ 9.39 crores (March 31, 2020 ₹ 9.39 crores)
- Depreciation as at March 31, 2021 is ₹ 8.92 crores (March 31, 2020 ₹ 8.92 crores)
- Net block as at March 31, 2021 is ₹ 0.47 crores (March 31, 2020 ₹ 0.47 crores)

f. Capital work in progress is as under:

- Gross block as at March 31, 2021 is ₹ **165.58** crores (March 31, 2020 ₹ 89.51 crores)
- Impairment provision as at March 31, 2021 is ₹ **4.68** crores (March 31, 2020 ₹ 7.61 crores)
- Net block as at March 31, 2021 is ₹ **160.90** crores (March 31, 2020 ₹ 81.90 crores)

It mainly includes cost incurred on plant and equipment procured at TDI II Dahej Plant (₹ 84.75 crores), Formic Acid Plant (₹ 34.72 crores), CNA-IV Project (₹ 15.69 crores), Ammonia Plant (₹ 11.98 crores), Urea Plant (₹ 3.57 crores) and ANI-TDI Plant (₹ 3.26 crores).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 5 : Investment property (₹ Crores)

Particulars	Building	Total
Cost		
As at April 01, 2019	**25.93**	**25.93**
Additions (subsequent expenditure)	-	-
As at March 31, 2020	**25.93**	**25.93**
Additions (subsequent expenditure)	-	-
As at March 31, 2021	**25.93**	**25.93**
Depreciation		
As at April 01, 2019	**7.38**	**7.38**
Depreciation for the year	0.42	0.42
As at March 31, 2020	**7.80**	**7.80**
Depreciation for the year	0.43	0.43
As at March 31, 2021	**8.23**	**8.23**
Net Block		
As at March 31, 2021	**17.70**	**17.70**
As at March 31, 2020	18.13	18.13

Information regarding income and expenditure of Investment property (₹ Crores)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Rental income derived from Investment properties	**8.00**	11.36
Direct operating expenses (including repairs and maintenance) generating rental income	**(2.24)**	(3.62)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	**(1.86)**	(1.98)
Profit arising from investment property before depreciation and indirect expenses	**3.90**	5.76
Less : Depreciation	**(0.43)**	(0.42)
Profit arising from investment property before indirect expenses	**3.47**	5.34

(i) As at March 31, 2021 and March 31, 2020 the fair values of the investment property is ₹ 85.20 crores and ₹ 85.21 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 47.2.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 6 : Intangible assets (₹ Crores)

Particulars	Computer software	Licenses	Total
Cost			
As at April 01, 2019	**25.70**	**34.27**	**59.97**
Additions	0.56	-	0.56
As at March 31, 2020	**26.26**	**34.27**	**60.53**
Additions	1.68	0.02	1.70
Deletion	(2.89)	-	(2.89)
As at March 31, 2021	**25.05**	**34.29**	**59.34**
Amortization			
As at April 01, 2019	**20.58**	**14.73**	**35.31**
Amortization for the year	1.19	1.55	2.74
As at March 31, 2020	**21.77**	**16.28**	**38.05**
Amortization for the year	1.40	1.55	2.95
Disposals	(2.76)	-	(2.76)
As at March 31, 2021	**20.41**	**17.83**	**38.24**
Net Block			
As at March 31, 2021	**4.64**	**16.46**	**21.10**
As at March 31, 2020	4.49	17.99	22.48

Note 7 : Investments (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Investments		
(i) Investment in a Subsidiary at cost (Unquoted)		
Investment in equity instrument (In fully paid up equity shares)		
10,000 (previous year 10,000) Equity shares of Gujarat Ncode Solutions Limited of ₹ 10/- each	**0.01**	0.01
Less: Provision for diminution in Value of Investments	**(0.01)**	(0.01)
Total	**-**	-
(ii) Investment in Associate at cost (Unquoted)		
Investment in equity instrument (In fully paid up equity shares)		
12,50,000 (previous year 12,50,000) Equity shares of Gujarat Green Revolution Company Limited of ₹ 10/- each	**1.25**	1.25
Total	**1.25**	1.25
Non- Trade Investments		
(i) Investments at fair value through other comprehensive income (FVTOCI) [Refer note (a & b)]		
Investments in equity instruments-quoted (In fully paid up equity shares)		
A) 75,00,000 (previous year 75,00,000) Equity Shares of Gujarat State Fertilizers & Chemicals Limited of ₹ 2/- each	**60.98**	27.41
B) 17,59,996 (previous year 17,59,996) Equity Shares of Gujarat Alkalies & Chemicals Limited of ₹ 10/- each	**60.68**	39.25

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
C) 80,00,000 (previous year 80,00,000) Equity Shares of Gujarat State Petronet Limited of ₹ 10/- each	**218.68**	137.96
D) 2,66,445 (previous year 2,66,445) Equity Shares of Gujarat Gas Limited of ₹ 2/- each	**14.64**	6.15
	354.98	210.77
Investments in equity instruments-unquoted		
A) 2,15,43,200 (previous year 2,15,43,200) equity shares of Gujarat State Petroleum Corporation Limited of ₹ 1/- each	**21.27**	18.55
B) 42,000 (previous year 42,000) equity shares of Bharuch Enviro Infrastructure Limited of ₹ 10/- each	**5.44**	4.65
C) 20,000 (previous year 20,000) equity shares of Gujarat Venture Finance Limited of ₹ 10/- each	**0.38**	0.34
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)	**386.13**	348.97
E) 2,42,10,000 (previous year 2,42,10,000) equity shares of Ecophos GNFC Private Limited of ₹ 10/- each @,#	**-***	-*
F) Nil (previous year 1) equity shares of Gujarat State Electricity Corporation Limited of ₹ 10/- each	**-**	-*
G) 1,35,30,000 (previous year 1,35,30,000) equity shares of Bharuch Dahej Railway Company Limited of ₹ 10/- each	**11.69**	11.40
H) 10 (previous year 10) shares of GESIA IT Association of ₹ 10/- each	**-***	-*
	424.91	383.91
Total Investments at FVTOCI	**779.89**	594.68
(ii) Investments at fair value through profit and loss (FVTPL)		
Investments at FVTPL - Unquoted		
A) Investments in Government securities	**6.09**	-
B) Investments in Debentures $	**56.98**	-
C) Investments in State Development Loans	**9.16**	-
Total Investments at FVTPL	**72.23**	**-**
Non-current	**781.14**	595.93
Current	**72.23**	-
Total investments	**853.37**	595.93
Aggregate book value of quoted investments and market value thereof	**354.98**	210.77
Aggregate amount of unquoted investments	**498.39**	385.16

* Amount nullified on conversion to ₹ crores.

\# 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 previous year, M/s Eophos S.A. (shareholder) holding 85% shareholding of EGIPL had applied for bankruptcy. Consequently all the nominee directors of EGIPL, Managing

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Director and Company Secretary of EGIPL resigned. Plant installation for manufacturing of DCP didn't commenced. Accordingly Company valued such investment as at March 31, 2020 at the nominal consideration of ₹ 1 in EGIPL resulting into aggregate losses of ₹ 24.21 crores recognised through other comprehensive income in the previous year.

@ Company is carrying physical share certificate in respect of this investment.

$ During the year, the Company has 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 ₹ 7 only (i.e. ₹ 1 for each security) as against total face value of ₹ 45.40 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 Income Approach. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk, volatility, net assets and market multiples. The probabilities of various estimates within the range can be reasonably assessed and are used in management's estimates for fair value for these unquoted equity instruments.

Reconciliation of fair value measurement of the investments in equity shares (₹ Crores)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Opening Balance	**594.69**	730.39
Add : Fair value gain / (loss) recognised in Other Comprehensive Income	**185.20**	(135.70)
Closing Balance	**779.89**	594.69

Note 8 : Loans and advances (Unsecured) (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
<u>**Current**</u>		
Loans		
Unsecured - considered good		
Deposits with corporate	**400.00**	165.00
Loans to employees *	**18.19**	18.86
Total	**418.19**	183.86
<u>**Non-Current**</u>		
Loans		
Unsecured - considered good		
Loans to employees *	**107.85**	102.22
Unsecured - considered doubtful		
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)
	-	-
Total	**107.85**	102.22
Total loans and advances	**526.04**	286.08

* includes interest accrued ₹ 4.21 crores (previous year ₹ 3.78 crores) crores on current loans to employees and of ₹ 32.09 crores (previous year ₹ 32.54 crores) on non-current loans to employees.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 9 : Other financial assets (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Other financial assets		
Advances to GNFC Employee Provident Fund Trust (GNFC-EPFT) *	**21.04**	758.92
Dividend receivable	**4.42**	-
Accrued interest	**23.43**	10.00
Fair value of derivative contracts	**-**	4.59
Other receivables	**0.01**	0.02
Deposits with suppliers	**7.11**	7.11
Export Benefit Receivable	**2.33**	2.18
Total	**58.34**	782.82
Non-Current		
Other financial assets		
Deposits with suppliers	**14.85**	14.34
Total	**14.85**	14.34
Total other financial assets	**73.19**	797.16

* During the previous year, the Company had surrendered its exemption to hold contribution in Employees' Provident Fund Trust of the Company (GNFC-EPFT) to Employees' Provident Fund Organization (EPFO) based on the Company's obligation as at March 31, 2020 by availing the option of depositing entire corpus of GNFC-EPFT in liquid cash to EPFO. On surrendering the exemption to hold the trust, GNFC-EPFT had deposited ₹ 820.59 crores, being the amount equivalent to the statutory liabilities as at March 31, 2020 with the EPFO after obtaining advance from the Company. The Company had recognized the shortfall/deficit of ₹ 61.67 crores between the value of investment portfolio and other assets held by GNFC-EPFT and Company's obligations to EPFO as at March 31, 2020 which was made good by the Company. Accordingly the net amount of ₹ 758.92 crores was shown as advance to GNFC-EPFT as at March 31, 2020, which was equivalent to the fair value of investments, as evaluated by an independent valuers, and other assets held by GNFC-EPFT.

During the current year, against the aforesaid advance outstanding as at March 31, 2020 amounting to ₹ 758.92 crores, the entire investment portfolio and other assets held by GNFC-EPFT have been transferred to the Company except balance of ₹ 21.04 crores, which is held by State Bank of India in the name of GNFC-EPFT. Such balance of ₹ 21.04 crores shall be received by the Company after receiving final order of approval for cancellation of exemption of GNFC-EPFT from EPFO.

Note 10 : Trade receivables (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables		
Secured, considered good	**22.58**	14.37
Unsecured, considered good	**209.03**	211.87
Unsecured, Credit impaired	**27.28**	9.47
Subsidy receivables (Considered good)	**277.94**	1,187.18
	536.83	1,422.89
Less : Impairment Allowances (Allowance for doubtful debts)		
Trade receivables		
Credit impaired	**(27.28)**	(9.47)
Total	**509.55**	1,413.42

Note: No trade or other receivables are due from Directors or other officers of the Company either severally or jointly with any other person; nor any trade or other receivables are due from firms or private companies in which any Director is a partner, a director or a member.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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 ₹ 75.97 crores (previous year ₹ 91.80 crores) are governed by the terms of respective contract agreement. Out of the dues, the Company has provided impairment allowance of ₹ 26.92 crores as on March 31, 2021 (as on March 31, 2020: ₹ 9.11 crores) based on credit risk model followed by the Company.

Subsidy receivables represents amount receivable from government against sale of fertilizers.

Note 11: Other non-current assets (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Unamortized value of employee loan benefits	**31.98**	29.75
Capital advances	**36.54**	38.07
Deposits / Recoverable balances from customs, VAT and others	**1.39**	2.12
Contract assets	**-**	2.99
Prepaid Expense	**3.37**	4.46
Unsecured - considered doubtful		
Advances to suppliers	**1.64**	1.64
Less: Provision for doubtful advances	**(1.64)**	(1.64)
	-	-
Balances / deposits of recoverable customs, taxes, cess etc.	**5.15**	5.08
Less: Provision for doubtful balances	**(5.15)**	(5.08)
	-	-
Receivable from others	**4.14**	4.14
Less: Provision for doubtful balances	**(4.14)**	(4.14)
	-	-
Total	**73.28**	77.39

Note 12 : Inventories (Valued at lower of Cost and Net realisable value) (₹ Crores)

Particulars		As at March 31, 2021		As at March 31, 2020
Raw materials		**186.69**		191.99
(Includes in transit inventory as on March 31, 2021 ₹ 43.04 crores ; as on March 31, 2020 ₹ 52.13 crores)				
Work-in-progress*		**36.79**		84.90
Finished goods*		**113.26**		133.62
Traded goods		**2.22**		2.28
Stores and spares (Including coal)	**483.32**		522.05	
(Includes in transit inventory as on March 31, 2021 ₹ 1.90 crores; as on March 31, 2020 ₹ 0.55 crores)				
Less: Provision for Inventory obsolescence	**(8.94)**	**474.38**	(2.49)	519.56
Total		**813.34**		932.35

* During the current year, the company has adjusted inventories of finished goods and Work-in-progress by ₹ 1.20 crores (Previous year ₹ 3.50 crores) so as to value such inventories at net realizable value.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 13: Cash and cash equivalents (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
Balances with banks in:		
Current accounts	**4.44**	5.60
Debit balance in cash credit and overdraft accounts	**9.47**	0.82
Cash on hand	**0.07**	-
Deposits with original maturities less than 3 months	**123.19**	59.32
Total	**137.17**	65.74

Note 14 : Other bank balances (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks		
Unpaid dividend accounts	**10.71**	10.57
Bank balances in escrow accounts *	**37.46**	15.56
Deposit with original maturity more than 3 months but remaining maturities of less than 12 months #	**1,265.39**	97.13
Total	**1,313.56**	123.26

* 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 20 as "Other current financial liabilities".

Includes ₹ 302.67 crores (₹ 82.67 crores previous year) pledged with lenders and Government authorities.

Note 15 : Other current assets (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits / Recoverable balances from customs, VAT and others	**3.27**	22.99
Advance to suppliers	**48.69**	58.17
Goods and Service Tax Receivable	**14.48**	15.20
Insurance claim receivable	**-**	4.00
Contract assets	**16.71**	18.55
Receivable from others	**0.63**	4.76
Prepaid expenses	**20.77**	17.37
Unamortized value of employee loan benefits	**5.21**	5.67
Energy savings certificates *	**-**	-
Total	**109.76**	146.71

* Amount nullified on conversion to ₹ crores

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 16 : Share capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ Crores	No. of shares	₹ Crores
Authorised share capital				
Equity shares of ₹ 10 each	**25,00,00,000**	**250.00**	25,00,00,000	250.00
	25,00,00,000	**250.00**	25,00,00,000	250.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each subscribed and fully paid up	**15,54,18,783**	**155.42**	15,54,18,783	155.42
Total issued, subscribed and fully paid up share capital	**15,54,18,783**	**155.42**	15,54,18,783	155.42

Note 16.1. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ Crores	No. of shares	₹ Crores
Equity Shares				
At the beginning of the year	**15,54,18,783**	**155.42**	15,54,18,783	155.42
Issued/reduction, if any during the year	**-**	-	-	-
Outstanding at the end of the year	**15,54,18,783**	**155.42**	15,54,18,783	155.42

Note 16.2. Terms/rights attached to the equity shares

Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having par value of ₹ 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 2020-21, the Company has proposed dividend of ₹ 8/- per equity share to equity shareholder (for the previous financial year dividend of ₹ 5/- 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.

Note 16.3. Number of Shares held by each shareholder holding more than 5% Shares in the Company

Particulars	As at March 31, 2021		As at March 31, 2020	
	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
Gujarat State Fertilizers & Chemicals Ltd.	**3,07,79,167**	**19.80**	3,07,79,167	19.80
Life Insurance Corporations of India	**92,37,124**	**5.94**	1,17,91,612	7.59

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 17 : Other equity

Note 17.1 Reserves and surplus (₹ Crores)

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Total
As at April 01, 2019	**0.64**	**313.31**	**2,479.76**	**1,566.66**	**4,360.37**
Profit for the year				498.85	498.85
Re-measurement losses on defined benefit plans (net of tax)				(14.42)	(14.42)
Balance available for appropriation				**2,051.09**	**4,844.80**
Less : Appropriations					
Dividend				108.79	108.79
Tax on equity dividend				22.36	22.36
As at March 31, 2020	**0.64**	**313.31**	**2,479.76**	**1,919.94**	**4,713.65**
Profit for the year				689.21	689.21
Re-measurement gain on defined benefit plans (net of tax)				11.01	11.01
Amount transferred from Other comprehensive income (refer note (a) below)				(61.26)	(61.26)
Balance available for appropriation				**2,558.90**	**5,352.61**
Less : Appropriations					
Dividend				77.71	77.71
As at March 31, 2021	**0.64**	**313.31**	**2,479.76**	**2,481.19**	**5,274.90**

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.

Note 17.2 Other comprehensive income (OCI) (₹ Crores)

Particulars	Net gain / (loss) on FVTOCI equity Investments	Total
As at April 01, 2019	**481.31**	**481.31**
Other comprehensive income / (expense) during the year		
Net (loss) on FVTOCI equity investments for the year	(135.70)	(135.70)
Income tax effect	7.82	7.82
As at March 31, 2020	**353.43**	**353.43**
Amount transferred to retained earnings (refer note (a) below)	61.26	61.26
Other comprehensive income / (expense) during the year		
Net gain on FVTOCI equity investments for the year	185.20	185.20
Income tax effect	(46.54)	(46.54)
As at March 31, 2021	**553.35**	**553.35**

note a :

In the Earlier years, The Company had recognised total losses of ₹ 61.26 crores in Other Comprehensive Income (OCI) for investment in unquoted equity shares of Bhavnagar Energy Company Limited (BECL) that got merged into Gujarat State Electricity Corporation Ltd (GSECL) by issuance of one fully paid-up equity share of ₹ 10/- each to each shareholder of BECL against total number of shares held by them. During the current year, the one share of GSECL was transferred in the name of The Gujarat Urja Vikas Nigam Limited (GUVNL). Accordingly the company has transferred cumulative realised loss of ₹ 61.26 crores within equity (i.e. From OCI to retained earnings).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 17.3 Dividend distribution made and proposed (₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cash dividends on equity shares declared and paid		
Final dividend for year ended March 31, 2020: ₹ 5 per share (March 31, 2019: ₹ 7 per share)	**77.71**	108.79
Dividend distribution tax on final dividend	**-**	22.36
	77.71	131.15
Proposed dividends on equity shares		
Final cash dividend proposed for the year ended March 31, 2021: ₹ 8 per share (March 31, 2020: ₹ 5 per share)	**124.34**	77.71
	124.34	77.71

With effect from 1st April 2020, the Dividend Distribution Tax ('DDT') payable by the company under section 115O of Income Tax Act is abolished and a withholding tax is introduced on the payment of dividend. As a result, dividend is now taxable in the hands of the recipient.

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 18 : Borrowings (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Short-term interest bearing borrowings		
Secured		
From Bank - cash credit and overdraft accounts	**2.16**	25.66
Other loans and advances from banks *	**-**	382.98
Unsecured		
Loan repayable on demand from others	**-**	450.00
Total	**2.16**	858.64

* It included the borrowing availed against Special Banking Arrangement (SBA) of ₹ 232.98 crores, during the previous year, as approved by Ministry of Finance, Department of Economic Affairs to enable the indigenous Urea and indigenous P&K manufacturers to raise loans from Punjab National Bank against outstanding subsidy receivables from the Government of India (GOI).

Terms of repayment, interest and security

SBA carried interest rate of 6.15% p.a of which GOI shall be bearing 6.15% and Nil shall be borne by the Company.

SBA was secured by hypothecation of subsidy receivables in respect of indigenous Urea and indigenous P&K as identified and lien marked by Government of India. SBA was further secured by letter of comfort from Department of Fertilizers (DOF), GOI for timely payment of principle and interest to the extent of 6.15%. per annum.

SBA was repayable within maximum period of 60 days from the date of disbursement with one day prior notice.

Security details

Short term borrowings from banks as cash credit and overdraft accounts of ₹ 2.16 crores (March 31, 2020: ₹ 25.65 crores) and Short-Term Loans and Advances from Banks of ₹ NIL (March 31, 2020: ₹ 382.98 crores) are secured by first charge by way of hypothecation of inventories and trade receivables and all other movable assets, both present and future and further secured by second charge by way of mortgage on all immovable properties. These charges are ranking pari-passu among the working capital lenders.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Interest rate details for short term borrowings:

Cash credit facilities and overdrafts carries interest rates ranging from 7.00% to 8.25% p.a.

Note 19 : Trade payables (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
(A) Total outstanding dues of micro, small and medium enterprises	**23.22**	32.56
(B) Total outstanding dues of creditors other than micro, small and medium enterprises	**437.02**	480.84
Total	**460.24**	513.40

(₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 as amended ("MSMED Act"):		
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	**23.22**	32.56
(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 20 : Other current financial liabilities (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Liability towards capital grant received (net) *	**85.06**	85.06
Deposits / retention money from customers / vendors / others	**51.96**	66.88
Payable for capital goods @	**28.62**	9.75
Rebate / discounts payable to customers	**40.16**	37.34
Liability for Escrow Accounts $	**37.46**	15.56
Unclaimed dividends #	**10.71**	10.57
Fair Value of Derivative contracts	**1.11**	-
Interest accrued but not due on borrowings	**-**	0.23
Total	**255.08**	225.39

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Non - Current		
Retention money from vendors	**5.12**	-
Total	**5.12**	-
Total other financial liabilities	**260.20**	225.39

* 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 ₹ 1.00 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 14 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 Current Maturities) and Interest accrued but not due	Unclaimed Dividend	Derivatives	Total
As on April 01, 2019	**152.92**	**10.01**	**-**	**162.93**
Net Cash Flow	677.04	(130.59)	(0.43)	546.02
Changes in Fair Value	-	-	(4.16)	(4.16)
Charged to P&L during the year	3.25	-	-	3.25
Dividend recognised during the year	-	131.15	-	131.15
As on March 31, 2020	**833.21**	**10.57**	**(4.59)**	**839.19**
Net Cash Flow	(851.64)	(77.57)	(4.45)	(933.66)
Changes in Fair Value	-	-	10.15	10.15
Charged to P&L during the year	18.43	-	-	18.43
Dividend recognised during the year	-	77.71	-	77.71
As on March 31, 2021	**-**	**10.71**	**1.11**	**11.82**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 21 : Provisions (Non-current) (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for leave encashment	**197.81**	183.87
Provision for post retirement medical benefit (refer Note 40)	**62.42**	59.32
Total	**260.23**	243.19

Note 22 : Government grant (Deferred Income) (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Grant from Government of India (refer note a)	**60.65**	60.65
Government grant of Export Promotion Capital Grant (EPCG) (refer note b)	**5.93**	1.85
Total	**66.58**	62.50
Non Current		
Grant from Government of India (refer note a)	**697.51**	758.16
Other Government grant	**1.00**	1.00
Total	**698.51**	759.16
Total government grant (deferred income)	**765.09**	821.66

(a) Movement in Grant from Government of India (₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening	**818.81**	879.47
Amortised to statement of profit and loss	**(60.65)**	(60.66)
Closing	**758.16**	818.81

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 March 31, 2021	Year ended March 31, 2020
Opening	**1.85**	5.00
Add: New EPCG license received during the year	**6.08**	1.74
Less: Amortised to statement of profit and loss	**(2.00)**	(4.89)
Closing	**5.93**	1.85

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 23 : Other current liabilities (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory and other liabilities	**50.77**	13.07
Other current liabilities (Refer Note 42 (A))	**33.89**	19.34
Contract liabilities (including advance from customers)	**15.14**	20.33
Total	**99.80**	52.74

Note 24 : Provisions (current) (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for gratuity (Refer Note 40)	**-**	1.59
Provision for leave encashment	**31.30**	55.85
Provision for contingencies (refer note a)	**1.60**	3.04
Provision for post retirement medical benefit (Refer Note 40)	**2.02**	1.80
Total	**34.92**	62.28

Note: a

The Company had created a contingency provision of ₹ 3.04 crores during the earlier years for possible contractual obligation of IT business. The movement of other provision is as under:

(₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance	**3.04**	3.04
Amount utilised / reversed during the year	**(1.44)**	-
Closing balance	**1.60**	3.04

Note 25 : Income Tax

The major component of income tax expenses for the year ended March 31, 2021 and March 31, 2020 are as under

a) Statement of Profit and Loss Section (₹ Crores)

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
Current Income tax			
Current tax charges	**A**	**277.96**	75.51
Excess tax provision write back of earlier years (refer note (h) below)	**B**	**(0.09)**	(10.64)
Deferred Tax			
Relating to origination and reversal of temporary differences		**(18.77)**	0.52
Relating to reversal of temporary differences on account of change in tax rates in subsequent year (refer note (i) below)		**-**	(127.23)
Tax (credit) under Minimum Alternate tax		**-**	(12.23)
	C	**(18.77)**	(138.94)
Tax Expense reported in the Statement of Profit and Loss	**A + B + C**	**259.10**	(74.07)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Other Comprehensive Income ('OCI') Section		
Income tax / Deferred tax related to items recognised in OCI during the year		
Remeasurement losses on defined benefit plans, (charge) / credit	**(5.91)**	3.05
Unrealised gain / loss on FVTOCI equity investments, (charge) / credit	**(46.54)**	7.82
	(52.45)	10.87

b) Balance Sheet Section (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Liabilities for current tax (net)	**41.16**	24.14
Income tax assets (net)	**(9.77)**	(11.47)
Net Tax Provision Outstanding	**31.39**	12.67

c) Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2021 and March 31, 2020 (₹ Crores)

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	%	Amount	%	Amout
Profit Before tax		**948.31**		424.78
Tax using domestic tax rate for Company	**34.94**	**331.38**	34.94	148.44
Tax Effect of:				
Income exempted from tax	**(0.43)**	**(4.12)**	(0.39)	(1.66)
Deduction u/s 80IA	**(7.11)**	**(67.44)**	(19.52)	(82.92)
Expenses with weighted deduction in tax	**-**	**-**	(0.09)	(0.39)
Non-deductible expenses	**0.19**	**1.79**	0.62	2.62
Sale of assets	**0.05**	**0.52**	0.01	0.05
Right of Use Asset - Ind AS 116	**(0.04)**	**(0.35)**	(0.31)	(1.32)
Adjustment in depreciation net book value of assets	**0.21**	**1.98**	0.48	2.05
Reversal of deferred tax liability on account of change in tax rate (refer note (i) below)	**(0.52)**	**(4.94)**	(29.95)	(127.23)
Other adjustments	**0.04**	**0.37**	(0.72)	(3.07)
Effective tax rate and tax	**27.33**	**259.19**	(14.93)	(63.43)
Excess tax provision write back of earlier years	**(0.01)**	**(0.09)**	(2.50)	(10.64)
Tax expenses as per Books	**27.32**	**259.10**	(17.44)	(74.07)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

d) Deferred Tax Liability (net) (₹ Crores)

Particulars	Balance Sheet as at		Statement of Profit and Loss	
	March 31, 2021	March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
(Liability) on Accelerated depreciation for tax purpose	**(605.66)**	(650.19)	**(44.53)**	(223.46)
Assets on provision for Leave encashment	**59.42**	69.55	**10.13**	10.48
Assets on deferred government grant of ASGP	**196.74**	223.87	**27.13**	83.45
Assets on deferred government grant of EPCG	**2.07**	0.03	**(2.04)**	1.72
Assets on Provision for doubtful debts and advances	**21.59**	13.59	**(8.00)**	1.17
(Liability) on equity investment FVTOCI	**(69.12)**	(22.58)	**46.54**	(7.82)
Assets on other adjustments	**4.05**	2.59	**(1.46)**	(0.07)
	(390.91)	(363.14)	**27.77**	(134.53)

e) Deferred tax liabilities reflected in the balance sheet as follows (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities	**390.91**	363.14
Less : Tax credit entitlement under MAT	**-**	(47.06)
Deferred tax liabilities (net)	**390.91**	316.08

f) Reconciliation of deferred tax liabilities (net) (₹ Crores)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Opening balance	**316.08**	466.68
Tax (credit)/expenses during the period recognised in statement of profit and loss	**(18.77)**	0.52
Tax (credit) on reversal of liabilities on account of change in tax rates (refer note (i) below)	**-**	(127.23)
Tax (credit) under Minimum Alternate tax	**-**	(16.07)
Tax charge / (credit) during the period recongnised in OCI	**46.54**	(7.82)
Utilisation of MAT credit entitlement	**47.06**	-
Closing balance	**390.91**	316.08

g) During the current year, the Company has provided income tax provision of ₹ 277.96 crores as per normal provisions of Income Tax Act. In the previous year, the Company made tax provision as per the Minimum Alternate Tax (MAT) in terms of the provisions of section 115JB of the Income Tax Act of ₹ 75.51 crores.

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 ₹ 0.09 crores (previous year ₹ 10.64 crores) related with earlier years has been written back in the books.

i) Pursuant to the Taxation Laws (Amendment) Act, 2019, a new section 115BAA was inserted in the Income Tax Act, 1961 which had provided an option to the domestic companies to pay income tax at lower rate subject to the giving up of certain incentives and deductions. The Company had made an assessment of the impact of the above section and decided to continue with existing taxation structure to avail tax incentives and deductions available to the Company. However, the Company had applied the lower income tax rates on the deferred tax liabilities on account of temporary differences to the extent these are expected to be realized or settled in the future period when the Company may be subjected to lower tax rate. Accordingly, the Company had reversed net deferred tax liability of ₹ 127.23 crores during the previous year.

j) On account of utilization of MAT credit of ₹ 47.06 crores, the Company has ₹ NIL unutilised MAT credit under the Income Tax Act, 1961 and cash outflow of tax expenses for the year is lower to that extent.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 26 : Revenue from operations

(₹ Crores)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Note 26.1		
Sale of products		
Own products (refer below note 26.2)	**5,038.59**	5,063.58
Traded products	**15.14**	18.57
	5,053.73	5,082.15
Rendering of services	**58.44**	61.32
Other operating revenue		
Export incentive	**4.29**	6.93
Recovery of administrative charges (Fly Ash)	**7.29**	6.66
Sale of scrap / surplus / unserviceable materials	**4.94**	5.36
	16.52	18.95
Total	**5,128.69**	5,162.42
Note 26.2 Sale of own products above includes:		
Subsidy from Government of India under New Urea Policy / Retention Price Scheme/ Nutrient Based Subsidy Scheme (including escalation / de-escalation)		
Pertaining to current year	**992.64**	1,319.52
Pertaining to earlier year determined during current year	**47.61**	180.74
Total	**1,040.25**	1,500.26
Note 26.3 Timing of revenue recognition		
Goods transferred / services rendered at point in time	**5,104.40**	5,136.39
Services transferred over time	**24.29**	26.03
Total	**5,128.69**	5,162.42

Note 26.4 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.

Note 26.5 Reconciliation of amounts of revenue recognized in the statement of profit and loss with the contracted price.

(₹ Crores)

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
Gross Revenue as per contracted price with customer		**4,352.17**	3,952.69
Adjustments:			
Rebates / discounts / incentives		**(233.59)**	(259.75)
Dearler's margin		**(30.14)**	(30.78)
Net Revenue as per contracted price with customer	**A**	**4,088.44**	3,662.16
Subsidy income from Governement of India	**B**	**1,040.25**	1,500.26
Total Revenue from operations	**A+B**	**5,128.69**	5,162.42

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 27 : Other income

(₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Grant income	**62.65**	65.55
Interest income * @	**85.94**	45.05
Lease rental income	**9.43**	12.49
Gain (adjustment) on decapitalisation of property, plant and equipment	**-**	0.10
Unclaimed loans / liabilities written back	**6.04**	3.75
Dividend income **	**11.80**	4.76
Exchange variance gain on monetary items	**-**	4.65
Profit on sale of property, plant & equipments (net of losses)	**0.02**	-
Insurance claim	**4.51**	11.42
Gain on sale of investments carried at FVTPL	**43.88**	-
Gain on Lease modification/ termination (net of losses)	**0.02**	0.01
Miscellaneous income	**12.94**	4.89
Total	**237.23**	152.67

* Including ₹ 9.57 crores (previous year ₹ 5.49 crores) on FVTPL Financial Assets.

@ Includes ₹ 0.31 crores (previous year ₹ 4.53 crores) interest on income tax refunds.

** Including ₹ 11.68 crores (previous year ₹ 4.69 crores) on FVTOCI Financial Assets.

Note 28 : Cost of raw materials consumed

(₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Inventory at the beginning of the year	**191.99**	166.00
Add : Purchases	**2,219.53**	2,759.88
	2,411.52	2,925.88
Less : Inventory at the end of the year	**186.69**	191.99
Total	**2,224.83**	2,733.89

Note 29 : Changes in inventories of finished goods, work-in-progress and traded goods

(₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Inventory at the beginning of the year		
Work-in-progress	**84.90**	40.34
Finished goods	**133.62**	138.85
Traded goods	**2.28**	2.44
	220.80	181.63
Inventory at the end of the year		
Work-in-progress	**36.79**	84.90
Finished goods	**113.26**	133.62
Traded goods	**2.22**	2.28
	152.27	220.80
Total	**68.53**	(39.17)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 30 : Employee benefits expense (₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	**333.29**	358.94
Contribution to provident and pension fund (refer Note 40) *	**43.28**	55.97
Contribution and provision towards gratuity (refer Note 40)	**17.27**	15.47
Employees' welfare expenses	**57.63**	43.42
Loss on transfer of GNFC EPF Trust to EPFO *	**-**	39.50
Total	**451.47**	513.30

* During the previous year, the Company had surrendered its exemption to hold contribution in Employees' Provident Fund Trust of the Company (GNFC-EPFT) to Employees' Provident Fund Organization (EPFO) based on the statutory obligation as at March 31, 2020 by availing the option of depositing entire corpus of GNFC-EPFT in liquid cash to EPFO against advance from the Company. As per the arrangement, the Company has acquired the investment portfolio and other assets from GNFC-EPFT for ₹ 758.92 crores, equivalent to the fair value of investments and other assets held by GNFC-EPFT as at March 31, 2020.

The shortfall/deficit of ₹ 61.67 crores between the value of investment portfolio held by GNFC-EPFT and GNFC-EPFT obligation to EPFO was made good by the Company. Out of shortfall/ deficit, the Company, as a matter of prudence, had provided ₹ 10.25 crores in the financial statements for the year ended March 31, 2019 on account of any likely deficit in the GNFC-EPFT in meetings its obligation and accordingly, net loss of ₹ 51.42 crores is accounted under Employee benefit expenses in the financial statements for the year ended March 31, 2020. Out of this, ₹ 11.92 crores pertains to interest shortfall between interest earned by GNFC-EPFT and the interest notified by the Government for FY 2019-20 recognised under the head contribution to provident fund and balance of ₹ 39.50 crores pertains to shortfall between the provident fund liability and the fair value of investments and other assets at March 31, 2020 recognised as loss on transfer of GNFC-EPFT to EPFO.

Note 31 : Finance costs (₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on borrowings	**16.46**	1.66
Interest others	**1.83**	1.38
Bank charges and commission	**1.52**	2.02
Interest on lease liability (refer Note 38)	**0.14**	0.21
Total	**19.95**	5.27

Note 32 : Depreciation and amortization (₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on property, plant and equipment (refer Note 4)	**267.95**	259.18
Depreciation on investment property (refer Note 5)	**0.43**	0.42
Amortization on intangible assets (refer Note 6)	**2.95**	2.74
Depreciation on RoU assets (refer Note 38)	**0.97**	1.99
Total	**272.30**	264.33

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 33 : Other expenses (₹ Crores)

Particulars		Year ended March 31, 2021		Year ended March 31, 2020
Stores, chemicals and catalysts		**123.31**		92.13
Packing expenses		**69.47**		76.38
Insurance		**36.73**		26.27
Repairs and maintenance :				
- Building	**7.02**		5.93	
- Plant and equipment	**102.41**		112.48	
- Others	**5.77**	**115.20**	7.04	125.45
Material handling expenses		**10.14**		9.83
Outward freight and other charges		**91.63**		98.45
Sales promotion expenses		**2.23**		1.24
Selling commission		**-**		0.24
Rates & taxes		**3.53**		3.50
Operating lease Rent		**4.47**		4.36
Printing & stationery, communication and advertisement expense		**2.27**		2.16
Traveling and conveyance expenses		**1.45**		3.32
Fire fighting, safety and security expenses		**7.94**		8.04
Electricity charges		**2.57**		3.71
Professional and consultancy charges		**2.77**		3.79
Payment for contract services		**14.40**		13.33
Exchange variance on monetary items		**2.82**		-
Loss on sale / discard of property, plant and equipment (net)		**-**		0.15
Director's fees		**0.10**		0.08
Payment to auditors (refer note (a) below)		**0.43**		0.49
Contributions towards Corporate Social Responsibilities (refer Note 39)		**20.26**		4.20
Premium on forward contracts		**4.45**		0.42
Provision for Diminution in Value of Investments		**-**		0.01
Provision for doubtful debts / advances		**17.88**		8.44
Provision for Inventory obsolescence		**7.90**		2.49
Bad debts written off		**0.72**		0.33
Impairment - capital work-in-progress		**-**		4.68
Fair valuation loss on investments measured at FVTPL (net)		**0.92**		-
Inventory Written off	**1.85**		-	
Less: Utilization of Provision for Inventory obsolescence	**(1.45)**	**0.40**	-	-
Assets written off		**1.52**		-
Miscellaneous expenses		**32.48**		46.86
Total		**577.99**		540.35

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 33 : Other expenses (Contd...) (₹ Crores)

	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(a)	**Payment to auditors includes following :**		
	Payments to Statutory Auditors comprise: (Net of GST Input Credit, where applicable)		
	As auditor:		
	(i) Statutory Audit Fees	**0.16**	0.16
	(ii) Limited Review Fees	**0.15**	0.13
	In other capacity:		
	(i) Certification Fees	**0.10**	0.19
	(ii) Others	**-**	-
	Reimbursement of Expenses	**0.02**	0.01
	Total	**0.43**	0.49

Note 34 : Earning per share

Particulars	Unit	Year ended March 31, 2021	Year ended March 31, 2020
Net profit after tax	₹ crores	**689.21**	498.85
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	₹	**44.35**	32.10

Note 35 : Contingent liabilities and other commitments (to the extent not provided for) (₹ Crores)

	Particulars	As at March 31, 2021	As at March 31, 2020
(A)	**Contingent liabilities**		
	(i) Claims against the Company not acknowledged as debts (In the nature of business contractual claims)	**274.24**	226.21
	(ii) Income tax assessment orders contested	**45.06**	42.95
	(iii) Demands in respect of Central Excise Duty, Custom Duty, Service Tax, GST and Value Added Tax as estimated by the Company	**166.08**	190.24
	Total contingent liabilities	**485.38**	459.40
	In respect of the above, the expected outflow will be determined at the time of final resolution of the dispute.		
(B)	**Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)**	**103.23**	163.90
(C)	**Other commitments**		
	(i) Export obligation on account of benefit of concessional rate of Custom duty availed under EPCG license scheme on imports of capital goods.	**106.41**	35.22

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 36 : 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 March 31, 2021	Year Ended March 31, 2020
Gujarat Green Revolution Company Limited	Associate	Sale of goods and services	**- ***	- *
		Dividend received	**0.13**	0.06
Ecophos GNFC India Private Limited #	Entities over which Key Management Personnel having significant influence	Provision for receivable as on	**3.48**	3.48
		Receivable as on	**3.48**	3.48
Gujarat Ncode Solutions Limited	Wholly Owned Subsidiary (under process of strike off with MCA)	Advance to meet Expenses	**-**	- *
		Expenses recovered	**-**	- *
		Receivable Written off	**-**	0.04

* Amount nullified on conversion to ₹ crores

\# Managing Director of GNFC had resigned from the post of Chairman in Ecophos GNFC India Private Limited w.e.f 06.03.2020.

(Amount ₹)

Name of the Person	Nature of Relationship	Nature of Transactions	Year Ended March 31, 2021	Year Ended March 31, 2020
Dr J N Singh, IAS - Chairman @ (upto 06.12.2019)	Key Management Personnel	Sitting Fees	**-**	45,000
Shri Anil Mukim, IAS - Chairman@ (upto 13.12.2019)	Key Management Personnel	Sitting Fees	**62,500**	15,000
Smt. Mamta Verma, IAS - Director @	Key Management Personnel	Sitting Fees	**1,10,000**	1,50,000
Shri Mukesh Puri, IAS - Director @ (From 07.01.2021)	Key Management Personnel	Sitting Fees	**32,500**	-
Shri Sujit Gulati, IAS - Director @ (upto 30.01.2020)	Key Management Personnel	Sitting Fees	**-**	60,000
Smt. Gaurikumar, IAS (Rtd.) - Director (from 30.03.2020)	Key Management Personnel	Sitting Fees	**1,90,000**	-
Shri Arvind Agarwal, IAS (Rtd.) * (from 10.06.2020 to 07.12.2020)	Key Management Personnel	Sitting Fees	**60,000**	-
Prof Arvind Sahay (upto 30.09.2020)	Key Management Personnel	Sitting Fees	**75,000**	1,20,000
Shri Sunil Parekh - Director	Key Management Personnel	Sitting Fees	**3,72,500**	3,45,000
Prof. Ranjan Kumar Ghosh - Director (from 29.10.2020)	Key Management Personnel	Sitting Fees	**67,500**	-
Shri B B Bhayani (upto 05.06.2020)	Key Management Personnel	Sitting Fees	**-**	15,000
Shri M S Dagur, IAS, Managing Director (upto 15.07.2020)	Key Management Personnel	Managerial remuneration	**6,65,026**	22,88,416
Shri D V Parikh (GM & CFO)	Key Management Personnel	Remuneration		
Shri A C Shah (GM & CS) (From 11.02.2020)	Key Management Personnel	Remuneration	**62,03,506**	**72,47,347**
Shri T J Lakhmapurkar (GM & CS) (upto 10.02.2020)	Key Management Personnel	Remuneration		

@ Amount deposited in Government Treasury

* ₹ 60,000/- Outstanding payable as on March 31, 2021.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 37 : Research and development expenses

The statement of profit and loss includes following nature of research & development expenses in the respective heads:

(₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Personnel expenses	**1.44**	2.01
Consumables and spares	**0.04**	0.18
Power and fuel consumption	**0.06**	0.07
Total research and development expenses	**1.54**	2.26

Note 38 : 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:

(₹ Crores)

Particulars	Land	Building	Vehicles	Total
As at April 01, 2020	0.07	1.29	0.42	1.78
Additions	0.19	1.38	-	1.57
Deletion / Termination	-	(0.28)	(1.43)	(1.71)
Depreciation for the year	(0.01)	(0.96)	-	(0.97)
Dep on Disposals / termination	-	0.15	1.01	1.16
As at March 31, 2021	**0.25**	**1.58**	**-**	**1.83**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Particulars	₹ Crores
As at April 01, 2020	1.85
Additions	1.57
Accretion of interest	0.14
Payments	(1.09)
Lease termination	(0.57)
As at March 31, 2021	**1.90**
Current	**0.85**
Non-Current	**1.05**

The maturity analysis of lease liabilities are disclosed in Note 47.

The effective interest rate for lease liabilities is 8.70%, with maturity between 2020-2049

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The following are the amounts recognised in profit and loss:

Particulars	₹ Crores
Depreciation expense of right-of-use assets	**0.97**
Interest expense on lease liabilities	**0.14**
Expense relating to short-term leases (included in other expenses)	**4.47**
Total amount recognised in profit and loss	**5.58**

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:

(₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Not later than one year	**0.66**	-
Later than one year not later than five years	**0.93**	-
Later than Five years	**-**	-
Total	**1.59**	-

Note 39: Corporate social responsibility

(₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gross amount required to be spent by the Company during the year:	**16.01**	16.01

Details of amount spent for CSR

	Particulars	In cash	Yet to be paid in cash	Total
a)	**Amount spent during the year ended March 31, 2021**			
	(i) Construction/acquisition of any asset	-	-	-
	(ii) On purpose other than (i) above*	**20.26**	**-**	**20.26**
b)	**Amount spent during the year ended March 31, 2020**			
	(i) Construction/acquisition of any asset	-	-	-
	(ii) On purpose other than (i) above	4.20	11.81	16.01

* Pursuant to Ministry of Corporate Affairs (MCA) clarification dated 23.03.2020 on spending of Corporate Social Responsibility (CSR) funds for COVID-19 and appeal of Government of Gujarat for contributing to fight against worldwide pandemic "Coronavirus", on 01.04.2020, the Company contributed ₹ 10 crores to the "Chief Minister's Relief Fund"(CMRF), Government of Gujarat after obtaining due approval of Company's CSR Committee and of the Board of Directors. The Company has considered the CMRF contribution as a part of CSR spend in terms of section 135 of Companies Act, 2013 (as amended) ("the Act"). Subsequently, on 10.04.2020, MCA had issued Frequently Asked Questions (FAQs) related to COVID-19 on Corporate Social Responsibility (CSR) wherein it was inter alia clarified that "Chief Minister's Relief Fund" or "State Relief Fund" for COVID-19 is not included in Schedule VII of the Act and therefore, any contribution to such funds shall not qualify as admissible CSR expenditure.

The CSR Committee and the Board vide circular resolution dated 31.03.2021 took a note of the matter and concluded that since the MCA issued FAQ's were issued subsequent to the Companies transaction, the said contributions of ₹ 10 crores earlier made by

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

the Company to CMRF on 01.04.2020 to fight against pandemic "Coronavirus" COVID-19 was in compliance with the provisions of the Act & rules made thereunder read with Schedule VII of the Act and therefore is admissible as CSR expenditure. Accordingly, for the contribution of ₹ 10 crores to the CMRF under Disaster Management of COVID-19 Pandemic, the management of the Company is of the view that it has complied with the provisions of section 135 of the Act, as regards the total required spent of ₹ 16.01 crores towards CSR activities for the year ended March 31, 2021, with actual CSR expenditure spent of ₹ 20.26 crores made by the Company during the year.

Note 40: Gratuity and other post employment benefit plans:

A. Defined contribution plans:

Amount of ₹ **43.28** crores (March 31, 2020: ₹ 55.97 crores) is recognised as expenses and included in note no. 30 "Employee benefit expense"

(₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Provident fund *	**23.18**	35.26
Contribution to pension scheme	**20.10**	20.71
	43.28	55.97

* Previous year amount includes ₹ 11.92 crores paid towards interest shortfall between interest earned by GNFC-EPFT and the interest notified by the Government (refer Note 30).

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, 2021

March 31, 2021 : 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, 2021
	April 1, 2020	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		
Gratuity												
Defined benefit obligation	(319.16)	(17.16)	(21.99)	(39.15)	31.15	-	0.60	(0.45)	17.70	17.85	-	**(309.31)**
Fair value of plan assets	317.57	-	21.88	21.88	(31.15)	(2.76)	-	-	-	(2.76)	3.77	**309.31**
Benefit (liability) / Assets	**(1.59)**	**(17.16)**	**(0.11)**	**(17.27)**	**-**	**(2.76)**	**0.60**	**(0.45)**	**17.70**	**15.09**	**3.77**	**-**
Post retirement medical benefit												
Defined benefit obligation	(61.12)	(3.01)	(4.16)	(7.17)	2.02	-	-	0.98	0.85	1.83	-	**(64.44)**
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit (liability) / Assets	**(61.12)**	**(3.01)**	**(4.16)**	**(7.17)**	**2.02**	**-**	**-**	**0.98**	**0.85**	**1.83**	-	**(64.44)**

March 31, 2020 : 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, 2020
	April 1, 2019	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		
Gratuity												
Defined benefit obligation	(303.67)	(15.47)	(24.11)	(39.58)	33.50	-	-	(22.97)	13.56	(9.41)	-	(319.16)
Fair value of plan assets	303.67	-	24.11	24.11	(33.50)	(1.34)	-	-	-	(1.34)	24.63	317.57
Benefit (liability) / Assets	-	(15.47)	-	(15.47)	-	(1.34)	-	(22.97)	13.56	(10.75)	24.63	(1.59)
Post retirement medical benefit												
Defined benefit obligation	(49.50)	(2.75)	(3.92)	(6.67)	1.77	-	-	(8.88)	2.16	(6.72)	-	(61.12)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit (liability) / Assets	(49.50)	(2.75)	(3.92)	(6.67)	1.77	-	-	(8.88)	2.16	(6.72)	-	(61.12)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Insurance fund with LIC *	**100%**	100%

* As the gratuity fund is managed by LIC, details of fund invested by insurer are not available with the Company.

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

Particulars	Gratuity		Post retirement medical benefit	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	**6.87%**	6.89%	**6.91%**	6.81%
Future salary increase	**9% and 7% as per catagory**	9% and 7% as per catagory	**N.A**	N.A
Medical Inflation Rate	**N.A**	N.A	**5.00%**	5.00%
Expected rate of return on plan assets	**6.87%**	6.89%	**N.A**	N.A
Employee Turnover Rate	**12% and 1% as per category**	1.00%	**1.00%**	1.00%
Mortality rate during employment	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)
Mortality rate after employment	**N.A**	N.A	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)

A quantitative sensitivity analysis for significant assumption is as shown below: **(₹ Crores)**

Particulars	Sensitivity level	Increase / (decrease) in defined benefit obligation (Impact)			
		Gratuity		Post retirement medical benefit	
		Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	1% increase	**(20.72)**	(21.30)	**(8.39)**	(8.07)
	1% decrease	**24.17**	24.69	**11.59**	10.93
Salary increase	1% increase	**23.89**	24.41	**N.A**	N.A
	1% decrease	**(20.87)**	(21.46)	**N.A**	N.A
Medical cost inflation	1% increase	**N.A**	N.A	**11.70**	11.03
	1% decrease	**N.A**	N.A	**(8.60)**	(8.28)
Employee turnover	1% increase	**(0.07)**	(0.13)	**(2.81)**	(2.74)
	1% decrease	**0.05**	0.12	**4.19**	3.84

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The followings are the expected future benefit payments for the defined benefit plan : (₹ Crores)

Particulars	Gratuity		Post retirement medical benefit	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Within the next 12 months (next annual reporting period)	**37.72**	33.84	**2.02**	1.80
Between 2 and 5 years	**118.66**	124.77	**10.92**	9.70
Between 6 and 10 years	**131.42**	138.80	**20.55**	18.18
Total expected payments	**287.80**	297.41	**33.49**	29.68

Weighted average duration of defined plan obligation (based on discounted cash flows) (Years)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gratuity	**9**	10
Post retirement benefit obligation	**15**	15

The followings are the expected contributions to planned assets for the next year: (₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gratuity	**15.98**	16.14
Post retirement medical benefit	**-**	-

Note 41 : Investments in Subsidiary and Associates

Name of Entity	Relationship	Place of Business	Ownership	
			March 31, 2021	March 31, 2020
Gujarat Ncode Solutions Limited*	Subsidiary	India	**100.00%**	100.00%
Gujarat Green Revolution Company Limited	Associate	India	**46.87%**	46.87%

* Under process of striking off with Ministry of Corporate Affairs (MCA).

Note: Method of accounting of investments in subsidiary and associate Company is at cost.

Note 42(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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 42(A): (Contd...)

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 31.03.2021.

Necessary accounting treatment will be given in the books of accounts of the Company either on disposal of applications for transfer of Licences in the name of ING Satcom Limited by the competent authorities or on finalization of settlement of transaction with ING Satcom Limited. The amount received is classified under other current liabilities (refer Note 23).

Note 42(B): Demand Notice from Department of Telecommunication (DoT)

During the previous year, the Company had received Demand Notice of ₹ 16,359.21 crores from the Department of Telecommunications (DoT), Ministry of Communications, Government of India, Gujarat Telecom Circle, Ahmedabad, vide its letters dated February 17, 2020 and March 05, 2020, (including of interest and penalty computed till March 31, 2020) towards the license fee 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 2018-19. Earlier, the Company had also received an initial Demand Notice from DOT dated December 23, 2019 for amounting to ₹ 15,019.97 crores (including of interest and penalty).

Against the aforementioned Demand Notices, the Company had made representations to the Controller General of Communication Accounts ('CCA'), New Delhi, on January 06, 2020, February 21, 2020 and April 03, 2020 in which the Company has refuted the demands being an unrelated matter to the terms and conditions of the V-SAT License valid till June 01, 2020 and ISP License which was valid till August 07, 2015 and that it is not satisfied with the assessment made by DOT for raising the Demand Notices and based on the facts and submission made in the representations, the aforementioned Demand Notices should be withdrawn. The Company was also not a party to the proceedings in SC AGR judgement and neither the facts peculiar to the Company placed before the Hon'ble Supreme Court in the matter relating to definition of AGR based on which the above demand notices was issued by DOT.

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. As at reporting date, Company has not received any update from DoT regarding these demand notices.

Earlier, on February 4, 2015 also, the Controller of Communication Accounts ('CCA'), Ahmedabad had raised demand notices for V-SAT and ISP Licenses for the period FY 2009-10 to FY 2013-14 aggregating to ₹ 2,752 crores (inclusive of interest and penalty) on similar basis. Being aggrieved by the above demand notice, the Company filed two petitions with Telecom Disputes Settlement and Appellate Tribunal ('TDSAT') dated March 10, 2015 challenging the demands of DoT which were admitted by TDSAT and restrained DoT from taking any coercive action for the recovery of the demand of ₹ 2,752 crores vide its Order dated March 13, 2015. The said matter is still pending before TDSAT.

Based on legal assessment the Company believes that it has good grounds on merit to defend itself in the above matter. Accordingly, the Company is of the view that no provision is necessary in respect of this matter.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 43: Recognision of Additional fixed cost Subsidy

During the financial year 2018-19, the Company had written off unrealised subsidy balance of ₹ 127.38 crores, for past years up March 31, 2018, relating to compensation for additional fixed cost in terms of Modified NPS-III due to uncertainty to realise the claims as the same was neither acknowledged nor paid by the Department of Fertilizer (DoF). Further, the Company didn't recognised the subsidy amount of ₹ 58.12 crores (incl. ₹ 31.85 crores relating to FY 2018-19) in terms of Modified NPS-III, due to uncertainty, till the quarter ended December 31, 2019.

In view of Department of Fertilizers (DoF) notification dated March 30, 2020 removing ambiguities in modified NPS III relating to additional fixed cost, the Company had revisited its earlier stand on de-recognition of subsidy already accounted from April 01, 2014 till March 31, 2018. Accordingly, in the previous year, the Company had recognised subsidy income relating to compensation for additional fixed cost in terms of Modified NPS-III amounting to ₹ 191.07 crores (of which ₹ 159.23 crores pertains to the period April 1, 2014 to March 31, 2019). During the current year ended March 31, 2021, the Company has recognized ₹ 31.85 crores respectively in this regard. This is part of Fertilizer segment in segment results.

Note 44: 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:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 44.1: Financial information about the primary business segment's Revenue & Results : (₹ Crores)

		Fertilizers		Chemicals		Others		Total	
		2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
A	**REVENUE:**								
	External sales revenue	**1,751.03**	2,244.30	**3,304.55**	2,835.66	**73.11**	82.46	**5,128.69**	5,162.42
	Inter-segment revenue	**-**	-	**-**	-	**-**	-	**-**	-
	Total Revenue	**1,751.03**	2,244.30	**3,304.55**	2,835.66	**73.11**	82.46	**5,128.69**	5,162.42
B	**RESULT:**								
	Segment result	**(24.02)**	215.80	**874.29**	166.39	**9.59**	12.42	**859.86**	394.61
	Unallocable income							**144.81**	61.47
	Unallocable expenses							**(36.41)**	(26.03)
	Operating profit							**968.26**	430.05
	Finance costs							**(19.95)**	(5.27)
	Profit before tax							**948.31**	424.78

Note 44.2 : 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	
	31-03-2021	31-03-2020	31-03-2021	31-03-2020	31-03-2021	31-03-2020	31-03-2021	31-03-2020
Segment assets	**1,776.89**	2,928.82	**2,698.70**	2,646.42	**183.81**	188.89	**4,659.40**	5,764.13
Segment liabilities	**(1,177.47)**	(1,293.51)	**(425.55)**	(428.14)	**(136.80)**	(133.31)	**(1,739.82)**	(1,854.96)
Other unallocable corporate assets	**-**	-	**-**	-	**-**	-	**3,640.88**	2,577.74
Other unallocable corporate liabilities	**-**	-	**-**	-	**-**	-	**(576.79)**	(1,264.41)
Total capital employed	**599.42**	1,635.31	**2,273.15**	2,218.28	**47.01**	55.58	**5,983.67**	5,222.50
Capital assets/ expenditure incurred during the year:								
Capital assets including capital work in progress	**36.43**	30.23	**147.50**	51.52	**1.08**	0.21	**185.01**	81.96
Other unallocable capital expenditures	**-**	-	**-**	-	**-**	-	**58.74**	11.55
Total	**36.43**	30.23	**147.50**	51.52	**1.08**	0.21	**243.75**	93.51

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 45: Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below. **(₹ Crores)**

Particulrs	FVTOCI Reserve		Retained Earnings		Total	
	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020
Re-measurement (gain) / losses on defined benefit plans (net of tax)	**-**	-	**11.01**	(14.42)	**11.01**	(14.42)
Net (gain) / losses on FVTOCI on Equity Investments (net of tax)	**138.66**	(127.88)	**-**	-	**138.66**	(127.88)
	138.66	(127.88)	**11.01**	(14.42)	**149.67**	(142.30)

Note 46 : Details of hedged and unhedged exposure in foreign currency (FC) denominated monetary items :

(a) Exposure in foreign currency - Hedged

Amounts Payable in Foreign Currency :

Particulars	Hedged against	As at March 31, 2021			As at March 31, 2020		
		₹ Crores	Amount in FC		₹ Crores	Amount in FC	
Payables for import	Forward Contract	**77.75**	**USD**	**1,03,59,000**	122.68	USD	1,61,50,000
Payables for import	Forward Contract	**2.93**	**EUR**	**3,28,600**	-	EUR	-
Payables for future import	Forward Contract	**3.07**	**USD**	**4,16,000**	37.37	USD	49,20,000
Payables for future import	Forward Contract	**4.48**	**EUR**	**4,91,500**	6.15	EUR	7,31,585

(b) Exposure in foreign currency - Unhedged

(i) Amounts payable in foreign currency :

Particulars	As at March 31, 2021			As at March 31, 2020		
	₹ Crores	Amount in FC		₹ Crores	Amount in FC	
Payables for import	**1.67**	**EUR**	**1,91,340**	3.33	EUR	3,96,107
Payables for import	**7.68**	**USD**	**10,38,281**	7.56	USD	9,95,871
Payables for import	**0.30**	**GBP**	**29,908**	0.26	GBP	27,540
Payables for import	**- ***	**CHF**	**217**	0.06	CHF	7,409
Payables for import	**0.18**	**JPY**	**26,29,840**	-	JPY	-

* Amount nullified on conversion to ₹ Crores

(ii) Amounts receivable in foreign currency :

Particulars	As at March 31, 2021			As at March 31, 2020		
	₹ Crores	Amount in FC		₹ Crores	Amount in FC	
Receivables for export	**5.02**	**USD**	**6,87,820**	0.21	USD	28,600

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The following significant exchange rates have been applied during the year:

	Year end spot rate	
	March 31, 2021	March 31, 2020
USD 1	**Import - ₹ 74.01** **Export - ₹ 73.04**	Import - ₹ 75.96 Export - ₹ 74.82
EUR 1	**₹ 87.08**	₹ 84.12
GBP 1	**₹ 101.66**	₹ 93.78
CHF 1	**₹ 78.74**	₹ 79.48
JPY 1	**₹ 0.6697**	₹ 0.702

Note 47 : Financial Instruments, Fair Value Measurements, Financial Risk and Capital Management :

Note 47.1 : Category-wise classification of financial instruments: **(₹ Crores)**

Particulars	Refer Note	As at March 31, 2021			
		Fair Value through other Comprehensive income	Fair Value through profit or loss	Amortised cost	Carrying Value
Financial assets					
Cash and cash equivalents	13	-	-	**137.17**	**137.17**
Other bank balances	14	-	-	**1,313.56**	**1,313.56**
Investments in equity shares (other than investment in subsidiary & associate entity)	7	**779.89**	-	-	**779.89**
Investments in unquoted equity shares of subsidiary entity and associate entity	7	-	-	**1.25**	**1.25**
Investments in unquoted debentures, Govt Securities & State development Loans	7	-	**72.23**	-	**72.23**
Trade receivables	10	-	-	**509.55**	**509.55**
Loans and advances	8	-	**126.04**	**400.00**	**526.04**
Other financial assets	9	-	**21.04**	**52.15**	**73.19**
Total		**779.89**	**219.31**	**2,413.68**	**3,412.88**
Financial liabilities					
Borrowings (including current maturities)	18 & 20	-	-	**2.16**	**2.16**
Trade payables	19	-	-	**460.24**	**460.24**
Derivatives instruments not designated as hedge	20	-	-	**1.11**	**1.11**
Lease liability	38	-	-	**1.90**	**1.90**
Other financial liabilities	20	-	-	**259.09**	**259.09**
Total		-	-	**724.50**	**724.50**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Refer Note	As at March 31, 2020			
		Fair Value through other Comprehensive income	Fair Value through profit or loss	Amortised cost	Carrying Value
Financial assets					
Cash and cash equivalents	13	-	-	65.74	65.74
Other bank balances	14	-	-	123.26	123.26
Investments in equity shares (other than investment in subsidiary & associate entity)	7	594.68	-	-	594.68
Investments in unquoted equity shares of subsidiary entity and associate entity	7	-	-	1.25	1.25
Trade receivables	10	-	-	1,413.42	1,413.42
Loans and advances	8	-	121.08	165.00	286.08
Derivatives instruments not designated as hedge	9	-	-	4.59	4.59
Other financial assets	9	-	758.92	33.65	792.57
Total		594.68	880.00	1,806.91	3,281.59
Financial liabilities					
Borrowings (including current maturities)	18	-	-	858.64	858.64
Trade payables	19	-	-	513.40	513.40
Lease Liability	38	-	-	1.85	1.85
Other financial liabilities	20	-	-	225.39	225.39
Total		-	-	1,599.28	1,599.28

Note 47.2 : 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, 2021				As at March 31, 2020			
	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
Financial assets measured at fair value								
Investment in quoted equity measured at FVTOCI (refer Note 7)	**354.98**	**-**	**-**	**354.98**	210.77	-	-	210.77
Investment in unquoted equity measured at FVTOCI (refer Note 7)	**-**	**-**	**424.91**	**424.91**	-	-	383.91	383.91
Loans and advances (refer Note 8)	**-**	**-**	**126.04**	**126.04**	-	-	121.08	121.08
Derivative instruments (refer Note 9)	**-**	**-**	**-**	**-**	-	4.59	-	4.59
Total	**354.98**	**-**	**550.95**	**905.93**	210.77	4.59	504.99	720.35
Financial liabilities measured at fair value:								
Derivative instruments (refer Note 20)	**-**	**1.11**	**-**	**1.11**	-	-	-	-
Total	**-**	**1.11**	**-**	**1.11**	-	-	-	-
Asset for which fair values are disclosed :								
Investment properties (refer Note 5)	**-**	**-**	**85.20**	**85.20**	-	-	85.21	85.21

* 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, 2021

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, 2021 and March 31, 2020 are as shown below:

Particulars	Valuation technique	Significant unobservable inputs	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, 2021 : ₹ 1.56 crores (₹ 1.56 crores). 10% increase (decrease) in the Gas marketing business would result in increase / (decrease) in fair value as of March 31, 2020 : ₹ 1.56 crores (₹ 1.56 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 2021 : 15% - 25% (20%) 31 March 2020 : 15% - 25% (20%)	5% increase / decrease in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2021 : ₹ 39.55 crores (₹ 39.74 crores) {5% increase / decrease in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2020 : ₹ 19.87 crores (₹ 19.87 crores)}
		EBITDA (₹ crores)	31 March 2021 : ₹ 315.37 crores - ₹ 348.57 crores (₹ 331.97 crores) 31 March 2020 : ₹ 315.20 crores - ₹ 348.36 crores (₹ 331.78 crores)	₹ 16.60 crores increase / decrease in the EBITDA would result in increase (decrease) in fair value as of March 31, 2021 : ₹ 17.84 crores (₹ 18.03 crores) {₹ 16.58 crores increase / decrease in the EBITDA would result in increase (decrease) in fair value as of March 31, 2020 : ₹ 15.82 crores (₹ 15.82 crores)}
FVTOCI assets in unquoted equity shares (Gujarat Venture Finance Limited)	Cost Approach - Net asset value	Share holders fund (₹ crores)	31 March 2021 : ₹ 25.20 crores - ₹ 27.80 crores (₹ 26.50 crores) 31 March 2020 : ₹ 17.70 crores - ₹ 19.70 crores (₹ 18.70 crores)	₹ 1.30 crores increase / decrease in the shareholders fund would result in increase (decrease) in fair value as of March 31, 2021 by ₹ 0.02 crores (₹ 0.02 crores) {₹ 1 crores increase / decrease in the shareholders fund would result in increase (decrease) in fair value as of March 31, 2020 by ₹ 0.02 crores (₹ 0.02 crores)}
		Discount to Book Value	31 March 2021 : 15% - 25% (20%) 31 March 2020 : 15% - 25% (20%)	5% increase / decrease in the discount to book value would result in decrease (increase) in fair value as of March 31, 2021 : ₹ 0.02 crores (₹ 0.02 crores). {5% increase / decrease in the discount to book value would result in decrease (increase) in fair value as of March 31, 2020 : ₹ 0.02 crores (₹ 0.02 crores)}

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
FVTOCI assets in unquoted equity shares (Bharuch Enviro Infrastructure Limited)	Market Approach - Comparable companies	Market Multiple Discount	31 March 2021 : 15% - 25% (20%) 31 March 2020 : 15% - 25% (20%)	5% increase / decrease in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2021 : ₹ 0.34 crores (₹ 0.34 crores) {5% increase / decrease in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2020 : ₹ 0.28 crores (₹ 0.28 crores)}
		Consolidated PAT (₹ crores)	31 March 2021 : ₹ 53.70 crores - ₹ 59.30 crores (₹ 56.50 crores) 31 March 2020 : ₹ 37.90 crores - ₹ 41.90 crores (₹ 56.50 crores)	₹ 2.8 crores increase / decrease in the consolidated PAT would result in increase (decrease) in fair value as of March 31, 2021 : ₹ 0.27 crores (₹ 0.27 crores). {₹ 2 crores increase / decrease in the consolidated PAT would result in increase (decrease) in fair value as of March 31, 2020 : ₹ 0.23 crores (₹ 0.23 crores)}
FVTOCI assets in unquoted equity shares (Bharuch Dahej Railway Company Limited)	Cost Approach - Net asset value	Discount to Book Value	31 March 2021 : 20% - 30% (25%) 31 March 2020 : 20% - 30% (25%)	5% increase / decrease in the discount to book value would result in decrease (increase) in fair value as of March 31, 2021 : ₹ 0.58 crores (₹ 0.58 crores) {5% increase / decrease in the discount to book value would result in decrease (increase) in fair value as of March 31, 2020 : ₹ 0.57 crores (₹ 0.57 crores)}
		Share holders fund (₹ crores)	31 March 2021 : ₹ 127.30 crores - ₹ 140.70 crores (₹ 134 crores) 31 March 2020 : ₹ 124.20 crores - ₹ 137.40 crores (₹ 130.80 crores)	₹ 6.70 crores increase / decrease in the shareholders fund would result in increase (decrease) in fair value as of March 31, 2021 by ₹ 0.77 crores (₹ 0.78 crores). {₹ 6.60 crores increase / decrease in the shareholders fund would result in increase (decrease) in fair value as of March 31, 2020 by ₹ 0.76 crores (₹ 0.76 crores)}.
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 7). 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.

Note 47.3 : 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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 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, 2021 and March 31, 2020.

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, 2021. 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, 2021 and March 31, 2020.

(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 46.

The Company is mainly exposed to changes in USD and EURO. The below table demonstrates the sensitivity to

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
USD Sensitivity				
RUPEES / USD – Increase by 5%	**(0.13)**	(0.37)	**(0.13)**	(0.37)
RUPEES / USD – Decrease by 5%	**0.13**	0.37	**0.13**	0.37
EURO Sensitivity				
RUPEES / EURO – Increase by 5%	**(0.08)**	(0.17)	**(0.08)**	(0.17)
RUPEES / EURO – Decrease by 5%	**0.08**	0.17	**0.08**	0.17

(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 ₹ 424.91 crores. Sensitivity analyses of these investments have been provided in Note 47.2(b).

At the reporting date, the exposure to listed equity securities at fair value was ₹ 354.98 crores. A decrease of 5% on the BSE market price could have an impact of approximately ₹ 17.75 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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. 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 ₹ 22.58 crores and ₹ 14.37 crores as at 31st March, 2021 and 31st March, 2020 respectively. (Refer Note No. 10 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ Crores)

Particulars	Refer Note	On Demand	Less than 1 year	1 to 5 years	Over 5 years	Total
As at March 31, 2021						
Borrowings (including current maturities)	**18 & 20**	**2.16**	**-**	**-**	**-**	**2.16**
Trade payables	**19**	**-**	**460.24**	**-**	**-**	**460.24**
Lease liability	**38**	**-**	**0.85**	**0.86**	**0.19**	**1.90**
Derivatives Instruments not designated as hedge	**20**	**-**	**1.11**	**-**	**-**	**1.11**
Other financial liabilities	**20**	**-**	**253.97**	**5.12**	**-**	**259.09**
Total		**2.16**	**716.17**	**5.98**	**0.19**	**724.50**
As at March 31, 2020						
Borrowings (including current maturities)	18 & 20	475.66	382.98	-	-	858.64
Trade payables	19	-	513.40	-	-	513.40
Lease liability	38	-	1.18	0.65	0.02	1.85
Other financial liabilities	20	-	225.39	-	-	225.39
Total		475.66	1,122.95	0.65	0.02	1,599.28

Note 47.4 : 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.

(₹ Crores)

Particulars	March 31, 2021	March 31, 2020
Total Borrowings (refer note 18 and 20)	**2.16**	858.64
Less: Cash and bank balances (refer Note 13 and 14)	**1,450.73**	189.00
Net Debt (A)	**(1,448.57)**	669.64
Total Equity (B)	**5,983.67**	5,222.50
Total Equity and Net Debt (C = A + B)	**4,535.10**	5,892.14
Gearing ratio	-	11%

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, 2021 and March 31, 2020.

Note 48 : Impact of COVID-19

The current "second wave" of COVID-19 pandemic has significantly increased in India. The Government of India has ruled out a nationwide lockdown for now, but regional lockdowns are implemented in areas with a significant number of COVID-19 cases. We are closely monitoring the situation and will continue to take all necessary actions to ensure the health, safety and well-being of our employees in this given scenario.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Further, the Company has also assessed the impact of this pandemic on recoverability of the carrying amounts of inventories, tangible assets, intangible assets, trade receivables, investments and other financial asset as at balance sheet date using various internal and external information. The management has also performed sensitivity analysis on the assumptions used and based on present estimates it believes that the carrying amount is considered to be recoverable and accordingly no further adjustments are required in the financial statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and the Company continues to monitor the changes in future economic conditions. Further the Company has zero long term debt outstanding as at March 31, 2021 and has substantial working capital lines which are available, should the need arise.

The management does not see any risk in the ability to continue as a going concern and meeting its liabilities as and when they fall due. However, the actual impact of COVID-19 on the Company's financial statements may differ from that estimated.

Note 49 : 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 50 : Event occurred after the Balance Sheet Date:

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of May 17, 2021 there were no material subsequent events to be recognized or reported that are not already previously disclosed.

For and on behalf of the Board of Directors,

D. V. Parikh General Manager & CFO	**A. C. Shah** Company Secretary	**Shri Pankaj Joshi, IAS** Managing Director	**Shri Anil Mukim, IAS** Chairman

Place : Gandhinagar
Date : May 17, 2021

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

per Ravi Bansal
Partner
Membership Number: 049365

Place : Mumbai
Date : May 17, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Gujarat Narmada Valley Fertilizers & Chemicals Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Gujarat Narmada Valley Fertilizers & Chemicals Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its associate comprising of the consolidated Balance sheet as at March 31, 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on other unaudited financial information furnished by the management of the subsidiary and an associate, the aforesaid consolidated Ind AS 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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2021, their consolidated profit including other comprehensive income,their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS 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 Ind AS Financial Statements' section of our report. We are independent of the Group and 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 Ind AS financial statements.

Emphasis of Matter – DOT Demand Notice

We draw attention to Note 42(B) to the consolidated Ind AS financial statements regarding a matter relating to demand of ₹ 16,359.21 Crores 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 opinion taken by the Company and its assessment of the said demand, the Company is of the view that no provision is necessary in respect of this matter. Our opinion is not modified in respect of this 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 Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 consolidated Ind AS 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 Ind AS 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 Ind AS financial statements.

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Recognition and measurement of Urea Subsidy Income	
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. During the year ended March 31, 2021, the Company has recognized Urea Subsidy Income of ₹ 909.44 crores and has outstanding Urea subsidy receivables of ₹ 241.91 crores (including ₹ 66.37 crores outstanding for more than one year as at March 31, 2021). 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. Accordingly, recognition and measurement of subsidy income is determined to be a key audit matter for our audit of consolidated Ind AS financial statements.	Our audit procedures included the following: • We assessed the Company's revenue recognition policy for Urea Subsidy Income. • 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. • 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. • 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. • We reviewed follow-ups made by the Company with the Department of Fertilizers, Government of India and management assessment of recoverability of aged balances. • We tested the collections made during the year as well as subsequent period against such subsidy income recognized by the Company. • We assessed the appropriateness of disclosures in the consolidated Ind AS financial statements in respect of Urea Subsidy Income.
Valuation of Inventories, including Stores and Spares	
The Company has total inventory of ₹ 813.34 crores which comprises of raw material inventory ₹ 186.69 crores, work-in-progress inventory ₹ 36.79 crores, finished goods inventory ₹ 113.26 crores, trading inventory ₹ 2.22 crores and stores and spares inventory (including coal inventory of ₹ 81.67 crores) ₹ 474.38 crores (net of provision for inventory obsolescence) as at March 31, 2021. The Company has created a provision of ₹ 8.94 crores against inventory of stores and spares based on evaluation of its usability including for aged items. 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 Ind AS financial statements.	Our audit procedures included the following: • We reviewed the management policy for physical verification and the documents related to management's physical count procedure actually followed during the year. • We understood the management process for assessment of value in use/ net realisable value of various class of inventories and making provision for obsolete inventory. • We reviewed the management's judgement applied in estimating the value of inventory obsolescence for stores & spares, taking into consideration management assessment of the present and future condition of the inventory. • 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

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
	Goods and Work in Progress which is in lines with prevailing accounting standards. • We have performed Physical verification of inventories as at March 31, 2021. Our procedures did not identify any material exceptions.

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

The Holding 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 Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS 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 Ind AS 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 Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding 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 Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including 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 Companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 Holding 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 Group and 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 Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors, to express an opinion on the consolidated Ind AS 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.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS 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 Ind AS financial statements for the financial year ended March 31, 2021 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 Matter

The accompanying consolidated financial statements include unaudited financial information in respect of a subsidiary, whose unaudited financial information reflect total assets of ₹ Nil as at March 31, 2021, and total revenues of ₹ Nil and net cash (inflows) of ₹ Nil for the year ended on that date. This unaudited financial information has been furnished to us by the management. The consolidated financial statements also include the Group's share of net profit of ₹ 7.74 Crores for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of an associate, whose financial information have not been audited and such unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates to amounts and disclosures included in respect of the subsidiary and 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 subsidiary and an associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the unaudited financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept by the Company so far as it appears from our examination of those books;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated 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 including the Companies (Indian Accounting Standards) Amendment Rules, 2020;

(e) On the basis of the written representations received from the directors of the Holding Company and its associateas on March 31, 2021 taken on record by the Board of Directors of the Holding Company and based on the unaudited financial information furnished to us by the management in respect of its subsidiary company, none of the directors of the Group's companies and its associate company, incorporated in India, is disqualified as on March 31, 2021 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 Ind AS financial statements of the Holding Company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report. This report does not include Report on the internal financial controls over financial reporting under (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 with reference to its subsidiary company incorporated in India. In our opinion and according to the information and explanations given to us by the Management, this subsidiary is not material to the Group.;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company to the directors 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 and other unaudited financial information furnished to us by the managementin respect of the subsidiary, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated Ind AS financial statements - Refer Note 35 to the consolidated Ind AS financial statements;

ii. Provision has been made in the consolidated Ind AS 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 20 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group 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 Holding Company. Based on the consideration of unaudited financial information of the subsidiary incorporated in India, furnished to us by the management, there were no amounts which were required to be transferred to the Investor Education and Protection Fund during the year ended March 31, 2021.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Ravi Bansal
Partner
Membership Number: 049365
UDIN: 21049365AAAABD4941

Place of Signature: Mumbai
Date: May 17, 2021

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED

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

We have audited the internal financial control over financial reporting of the Gujarat Narmada Valley Fertilizers & Chemicals Limited (hereinafter referred to as the "Holding Company"), which is incorporated in India, as of March 31, 2021 in conjunction with our audit of the consolidated Ind AS financial statements of the Holding Company as of and for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, 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 Ind AS 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 Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to these Consolidated Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting with reference to consolidated Ind AS 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 Ind AS Financial Statements

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

Opinion

In our opinion, the Holding Company, which is a company incorporated in India, have, in all material respects, maintained adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company does not include Report on the internal financial controls over financial reporting with reference to its subsidiary company incorporated in India. In our opinion and according to the information and explanations given to us by the Management, this subsidiary is not material to the Group.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Ravi Bansal
Partner
Membership Number: 049365
UDIN: 21049365AAAABD4941

Place of Signature: Mumbai
Date: May 17, 2021

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2021

(₹ Crores)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	4	**3,679.72**	3,768.07
(b) Capital work-in-progress	4	**160.90**	81.90
(c) Investment property	5	**17.70**	18.13
(d) Right of use asset	38	**1.83**	1.78
(e) Intangible assets	6	**21.10**	22.48
(f) Financial assets			
(i) Investments	7	**865.67**	672.72
(ii) Loans and advances	8	**107.85**	102.22
(iii) Other financial assets	9	**14.85**	14.34
(g) Income tax assets (net)	25	**9.77**	11.47
(h) Other non-current assets	11	**73.28**	77.39
		4,952.67	4,770.50
II. Current assets			
(a) Inventories	12	**813.34**	932.35
(b) Financial assets			
(i) Investments	7	**72.23**	-
(ii) Trade receivables	10	**509.55**	1,413.42
(iii) Cash and cash equivalents	13	**137.17**	65.74
(iv) Other bank balances	14	**1,313.56**	123.26
(v) Loans and advances	8	**418.19**	183.86
(vi) Other financial assets	9	**58.34**	782.82
(c) Other current assets	15	**109.76**	146.71
		3,432.14	3,648.16
Total Assets		**8,384.81**	8,418.66
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	**155.42**	155.42
(b) Other equity	17	**5,912.78**	5,143.87
		6,068.20	5,299.29
Liabilities			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	38	**1.05**	0.67
(ii) Other financial liabilities	20	**5.12**	-
(b) Provisions	21	**260.23**	243.19
(c) Deferred tax liabilities (net)	25	**390.91**	316.08
(d) Government grants (deferred income)	22	**698.51**	759.16
		1,355.82	1,319.10
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	**2.16**	858.64
(ii) Lease liabilities	38	**0.85**	1.18
(iii) Trade payables:	19		
(A) Total outstanding dues of micro and small enterprises		**23.22**	32.56
(B) Total outstanding dues of creditors other than micro and small enterprises		**437.02**	480.84
(iv) Other financial liabilities	20	**255.08**	225.39
(b) Other current liabilities	23	**99.80**	52.74
(c) Provisions	24	**34.92**	62.28
(d) Government grants (deferred income)	22	**66.58**	62.50
(e) Current tax liabilities (net)	25	**41.16**	24.14
		960.79	1,800.27
Total Equity and Liabilities		**8,384.81**	8,418.66

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

For and on behalf of the Board of Directors,

D. V. Parikh
General Manager & CFO

A. C. Shah
Company Secretary

Shri Pankaj Joshi, IAS
Managing Director

Shri Anil Mukim, IAS
Chairman

Place : Gandhinagar
Date : May 17, 2021

AS PER OUR REPORT OF EVEN DATE
For **S R B C & CO LLP**
Chartered Accountants
(Firm Registration No. 324982E/E300003
per Ravi Bansal
Partner
Membership Number: 049365

Place : Mumbai
Date : May 17, 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(₹ Crores)

Particulars	Notes	Year Ended March 31, 2021	Year Ended March 31, 2020
Income			
Revenue from operations	26	**5,128.69**	5,162.42
Other income	27	**237.23**	152.67
Total		**5,365.92**	5,315.09
Expenses			
Cost of raw materials consumed	28	**2,224.83**	2,733.89
Purchase of traded goods		**13.57**	16.11
Purchase of goods and services - IT division		**21.19**	26.93
Decrease / (Increase) in inventories of finished goods, work-in-progress and traded goods	29	**68.53**	(39.17)
Power, fuel and other utilities		**767.78**	829.30
Employee benefits expense	30	**451.47**	513.30
Finance costs	31	**19.95**	5.27
Depreciation and amortisation	32	**272.30**	264.33
Other expenses	33	**577.99**	540.30
Total		**4,417.61**	4,890.26
Profit before tax		**948.31**	424.83
Tax expense / (credit)			
Current tax		**277.96**	75.51
Excess tax provision write back of earlier years		**(0.09)**	(10.64)
Deferred tax (credit)		**(18.77)**	(138.94)
Total tax expense / (credit)	25	**259.10**	(74.07)
Profit for the year		**689.21**	498.90
Share in profit of Associate		**7.74**	9.11
Profit for the year	**(A)**	**696.95**	508.01
Other comprehensive income / (expense)			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gain / (losses) on defined benefit plans		**16.92**	(17.47)
Income tax effect (charge) / credit	25	**(5.91)**	3.05
Net gain / (loss) on FVTOCI equity investments		**185.20**	(135.70)
Income tax effect (charge) / credit	25	**(46.54)**	7.82
Net other comprehensive income / (expense) not to be reclassified to profit or loss in subsequent periods		**149.67**	(142.30)
Total other comprehensive income / (expense) for the year, net of tax	**(B)**	**149.67**	(142.30)
Total comprehensive income for the year, net of tax	**(A)+(B)**	**846.62**	365.71
Earnings per Share - (Face value of ₹ 10 each) Basic and Diluted (in ₹)	34	**44.84**	32.69

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

For and on behalf of the Board of Directors,

D. V. Parikh
General Manager & CFO

A. C. Shah
Company Secretary

Shri Pankaj Joshi, IAS
Managing Director

Shri Anil Mukim, IAS
Chairman

Place : Gandhinagar
Date : May 17, 2021

AS PER OUR REPORT OF EVEN DATE
For **S R B C & CO LLP**
Chartered Accountants
(Firm Registration No. 324982E/E300003
per Ravi Bansal
Partner
Membership Number: 049365

Place : Mumbai
Date : May 17, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

(A) Equity share capital (₹ Crores)

Particulars	Notes	Amount
Balance as at April 01, 2019		**155.42**
Changes in equity share capital	16	-
Balance as at March 31, 2020		**155.42**
Changes in equity share capital	16	-
Balance as at March 31, 2021		**155.42**

(B) Other equity (₹ Crores)

Particulars	Reserves and surplus				Other Comprehensive Income FVTOCI reserve	Total
	Capital reserve	Securities premium	General reserve	Retained earnings		
	Note 17.1	Note 17.1	Note 17.1	Note 17.1	Note 17.2	
Balance as at April 01, 2019	**0.64**	**313.31**	**2,479.76**	**1,634.29**	**481.31**	**4,909.31**
Profit for the year	-	-	-	508.01	-	508.01
Other comprehensive (expense) for the year	-	-	-	(14.42)	(127.88)	(142.30)
Total comprehensive income for the year	-	-	-	493.59	(127.88)	365.71
Dividend paid during the year (refer Note 17.3)	-	-	-	(108.79)	-	(108.79)
Dividend distribution tax (refer Note 17.3)	-	-	-	(22.36)	-	(22.36)
Balance as at March 31, 2020	**0.64**	**313.31**	**2,479.76**	**1,996.73**	**353.43**	**5,143.87**
Profit for the year	-	-	-	696.95	-	696.95
Other comprehensive income for the year	-	-	-	11.01	138.66	149.67
Total comprehensive income for the year	-	-	-	707.96	138.66	846.62
Dividend paid during the year (refer Note 17.3)	-	-	-	(77.71)	-	(77.71)
"Loss transferred from Other Comprehensive Income (refer sub note (a) to Note 17.2)"	-	-	-	(61.26)	61.26	-
Balance as at March 31, 2021	**0.64**	**313.31**	**2,479.76**	**2,565.72**	**553.35**	**5,912.78**

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

For and on behalf of the Board of Directors,

D. V. Parikh	**A. C. Shah**	**Shri Pankaj Joshi, IAS**	**Shri Anil Mukim, IAS**
General Manager & CFO	Company Secretary	Managing Director	Chairman

Place : Gandhinagar
Date : May 17, 2021

AS PER OUR REPORT OF EVEN DATE
For **S R B C & CO LLP**
Chartered Accountants
(Firm Registration No. 324982E/E300003
per Ravi Bansal
Partner
Membership Number: 049365

Place : Mumbai
Date : May 17, 2021

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

(₹ Crores)

Particulars	March 31, 2021	March 31, 2020
Cash flow from operating activities		
Profit before tax as per statement of profit and loss	**948.31**	424.83
Adjustments for:		
Impairment - capital work in progress	**-**	4.68
Loss on sale / discard / write off of property, plant and equipment (net)	**1.50**	0.05
(Gain) on Lease modification/ termination	**(0.02)**	(0.01)
(Gain) on sale of investments (net)	**(43.88)**	-
Depreciation and amortization	**272.30**	264.33
Interest expense / (income) on employee loan fair valuation	**6.61**	(2.13)
Interest income	**(85.94)**	(45.05)
Dividend income	**(11.80)**	(4.76)
Amortization of grant income	**(62.65)**	(65.55)
Fair valuation loss on investments measured at FVTPL (net)	**0.92**	-
Unclaimed loans / liabilities / excess provision for doubtful debt written back	**(6.04)**	(3.75)
Unrealised foreign exchange fluctuation loss / (gain)	**3.96**	(0.65)
Finance costs	**18.43**	3.25
Premium on forward contracts	**4.45**	0.42
Provision / Write off for Inventory obsolescence	**8.30**	2.49
Bad debts written off	**0.72**	0.28
Provision for doubtful debts / advances (net)	**17.88**	8.44
Operating profit before working capital changes	**1,073.05**	586.87
Movements in working capital :		
Decrease / (increase) in trade receivables, including Subsidy	**885.72**	(176.78)
Decrease / (increase) in inventories	**92.19**	(191.13)
(Increase) / decrease in financial assets	**(0.65)**	0.48
Decrease / (increase) in loans and advances and other assets	**31.06**	(18.43)
Increase / (decrease) in provision	**8.04**	(11.63)
(Decrease) / increase in trade payables and other liabilities	**(2.85)**	101.63
Increase in financial liabilities	**15.53**	42.82
Cash generated from operations	**2,102.09**	333.83
Income taxes paid (net)	**(217.69)**	(48.10)
Net cash flow generated from operating activities (A)	**1,884.40**	285.73
Cash flows from investing activities		
Payment for purchase of property, plant & equipment (Including capital work In progress and capital advances)	**(216.21)**	(131.30)
Proceeds from sale / concession received of property, plant and equipment	**0.92**	0.99
Advance for Purchase of investments (refer Note 9)	**-**	(758.92)
Proceeds from sale / maturity of investments / other advances	**696.45**	-

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

(₹ Crores)

Particulars	March 31, 2021	March 31, 2020
(Increase) in deposits with corporates (net)	**(235.00)**	(5.00)
(Increase) in deposits / balances with banks (net)	**(1,190.30)**	(52.59)
Interest received	**80.95**	38.39
Dividend received	**7.38**	7.52
Net cash flow (used in) investing activities (B)	**(855.81)**	(900.91)
Cash flows from financing activities		
Proceeds from short term borrowings	**664.50**	862.56
Repayment of short term borrowings	**(1,497.48)**	(182.51)
Interest paid	**(18.66)**	(3.02)
Dividend paid (Including dividend distribution tax in previous year)	**(77.57)**	(130.59)
Premium on forward contracts	**(4.45)**	(0.42)
Net cash flow (used in) / generated from financing activities (C)	**(933.66)**	546.02
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**94.93**	(69.16)
Cash and cash equivalents at the beginning of the year	**40.08**	109.24
Cash and cash equivalents at the end of the year	**135.01**	40.08
Notes:		
Component of Cash and Cash equivalents		
- Cash on hand	**0.07**	-
- Debit balance in cash credit and overdraft accounts	**9.47**	0.82
- Balances with bank in current accounts	**4.44**	5.60
- Deposit with original maturity of less than three months	**123.19**	59.32
Total (refer Note 13)	**137.17**	65.74
Less: Cash credit and overdraft accounts (refer Note 18)	**2.16**	25.66
Total cash and cash equivalents	**135.01**	40.08

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

(1) 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.

(2) 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-20(a).

For and on behalf of the Board of Directors,

D. V. Parikh	**A. C. Shah**	**Shri Pankaj Joshi, IAS**	**Shri Anil Mukim, IAS**
General Manager & CFO	Company Secretary	Managing Director	Chairman

Place : Gandhinagar
Date : May 17, 2021

AS PER OUR REPORT OF EVEN DATE
For **S R B C & CO LLP**
Chartered Accountants
(Firm Registration No. 324982E/E300003
per Ravi Bansal
Partner
Membership Number: 049365

Place : Mumbai
Date : May 17, 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1 Corporate information

The consolidated financial statements comprise financial statements of Gujarat Narmada Valley Fertilizers & Chemicals Limited ('the Company') and its subsidiary collectively known as "the Group" and its associate for the year ended March 31, 2021. 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 17, 2021.

2 Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) including the Companies (Indian Accounting Statements) Amendement Rules, 2020

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 crores (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, 2021.

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, 2021.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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, 2021

- 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 ₹, 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 by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average rate approximates the actual rate at the date of transaction.

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

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

- 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

- 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 47)
- Quantitative disclosures of fair value measurement hierarchy (refer Note 47.2)
- Investment in unquoted equity shares (refer Note 7)
- Investment properties (refer Note 5)
- Financial instruments (including those carried at amortized cost) (refer Note 47.1)

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.

The Company considers whether there are other promises in the contract (supply of information technology goods)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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 or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Dividends

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Deferred tax

Deferred tax is provided using the liability approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The Company is eligible and claiming tax deductions available under section 80IA of the Income Tax Act, 1961 for a period of 10 years w.e.f FY 2011-12 in respect of windmill income and w.e.f FY 2012-13 in respect of co-generation power and steam unit (CPSU). In view of Company availing tax deduction under Section 80IA of the Income Tax Act, 1961, deferred tax has been recognized in respect of temporary difference, which will reverse after the tax holiday period in the year in which the temporary difference originate and no deferred tax (assets or liabilities) is recognized in respect of temporary difference which reverse during tax holiday period, to the extent such gross total income is subject to the deduction during the tax holiday period. For recognition of deferred tax, the temporary difference which originate first are considered to reverse first.

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.

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

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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.

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

Sr. no.	Intangible Assets	Method of Amortization	Estimated Useful life
1	Computer software	on straight line basis	Six years or validity period whichever is lower
2	Licenses	on straight line basis	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 fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 01, 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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.

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 previous year 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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, loans & advances and other financial assets of the Company (Refer note 47 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 47 for further details) under this category.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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;

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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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)

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)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended March 31, 2020, except for the adoption of new standards effective or amendments to the existing Indian Accounting Standards (Ind AS) as of April 01, 2020. The Company applies, for the first time, following new interpretations and amendments w.e.f., April 01, 2020 and do not have material impact on the financial statements of the Company.

- Amendments to Ind AS 1 & Ind AS 8 : Definition of Material;
- Amendments to Ind AS 10: Disclosures for non – adjusting events;
- Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform;
- Amendments to Ind AS 103 Business Combinations: Clarification on Definition of Business;
- Amendments to Ind AS 116: Covid-19-Related Rent Concessions.
- Amendments to Ind As 37 : Accounting of restructuring plan

The Company has not early adopted any other standards, interpretation and amendments that have been issued but are not yet effective/notified.

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 (including tax credit under Minimum Alternate Tax (MAT)) are recognized for unused tax credits to the extent that it is probable that taxable profit will be available against which the credits can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details on taxes are disclosed in Note 25.

Defined benefit plans (gratuity benefits and other post-employment medical benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of these obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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 40.

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 47 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 4 : Property, plant and equipment

(₹ Crores)

	Land freehold	Land lease hold	Leasehold Land Deve-lopment	Buildings	Plant and equipment	Furniture and fixture	Vehicles	Office equipment	Roads, culverts and compound wall	Water supply and drainage system	Railway sidings	Total
Cost												
As at April 01, 2019	**111.03**	**240.54**	**-**	**429.70**	**6,608.43**	**33.17**	**7.15**	**12.82**	**64.54**	**127.17**	**3.77**	**7,638.32**
Additions	-	-	-	2.70	103.40	0.87	0.86	0.49	4.09	0.54	-	112.95
Disposals	-	-	-	-	(10.29)	(0.38)	(0.92)	(0.06)	-	-	-	(11.65)
As at March 31, 2020	**111.03**	**240.54**	**-**	**432.40**	**6,701.54**	**33.66**	**7.09**	**13.25**	**68.63**	**127.71**	**3.77**	**7,739.62**
Additions	-	-	9.62	10.00	155.74	2.10	0.42	0.49	2.90	0.60	-	181.87
Disposals	-	-	-	(0.67)	(24.91)	(0.83)	(0.88)	(1.90)	-	-	-	(29.19)
As at March 31, 2021	**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**
Depreciation / Amortisation												
As at April 01, 2019	**-**	**15.82**	**-**	**107.65**	**3,460.25**	**22.23**	**3.52**	**10.87**	**34.44**	**64.26**	**3.58**	**3,722.62**
Depreciation for the year	-	2.52	-	11.62	230.86	2.10	0.71	0.49	4.95	5.93	-	259.18
Disposals	-	-	-	-	(9.51)	(0.34)	(0.37)	(0.03)	-	-	-	(10.25)
As at March 31, 2020	**-**	**18.34**	**-**	**119.27**	**3,681.60**	**23.99**	**3.86**	**11.33**	**39.39**	**70.19**	**3.58**	**3,971.55**
Depreciation for the year	-	2.53	0.12	11.78	239.17	1.90	0.67	0.50	5.22	6.06	-	267.95
Disposals	-	-	-	(0.07)	(23.28)	(1.06)	(0.71)	(1.80)	-	-	-	(26.92)
As at March 31, 2021	**-**	**20.87**	**0.12**	**130.98**	**3,897.49**	**24.83**	**3.82**	**10.03**	**44.61**	**76.25**	**3.58**	**4,212.58**
Net Block												
As at March 31, 2021	**111.03**	**219.67**	**9.50**	**310.75**	**2,934.88**	**10.10**	**2.81**	**1.81**	**26.92**	**52.06**	**0.19**	**3,679.72**
As at March 31, 2020	111.03	222.20	-	313.13	3,019.94	9.67	3.23	1.92	29.24	57.52	0.19	3,768.07

Notes :

a. 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.

b. 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.

c. During the previous year the Company had received concession amounting to ₹ 0.36 crores towards TDI II project, which has been adjusted to the carrying value of plant and equipment in terms of para 37 of Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The gain (adjustment) of ₹ 0.10 crores arising on decapitalisation is transferred to Other income (refer Note 27).

d. During the previous year the Company had capitalised ₹ 85.33 crores of spares, stand by equipment which were of capital nature and meet the definition of property, plant and equipment in accordance with para 8 of Ind AS 16 - "Property, Plant and Equipment" which were shown as addition in plant and equipment.

e. Assets given on lease includes plant and equipment :

- Cost as at March 31, 2021 is ₹ 9.39 crores (March 31, 2020 ₹ 9.39 crores)
- Depreciation as at March 31, 2021 is ₹ 8.92 crores (March 31, 2020 ₹ 8.92 crores)
- Net block as at March 31, 2021 is ₹ 0.47 crores (March 31, 2020 ₹ 0.47 crores)

f. Capital work in progress is as under:

- Gross block as at March 31, 2021 is ₹ **165.58** crores (March 31, 2020 ₹ 89.51 crores)
- Impairment provision as at March 31, 2021 is ₹ **4.68** crores (March 31, 2020 ₹ 7.61 crores)
- Net block as at March 31, 2021 is ₹ **160.90** crores (March 31, 2020 ₹ 81.90 crores)

It mainly includes cost incurred on plant and equipment procured at TDI II Dahej Plant (₹ 84.75 crores), Formic Acid Plant (₹ 34.72 crores), CNA-IV Project (₹ 15.69 crores), Ammonia Plant (₹ 11.98 crores), Urea Plant (₹ 3.57 crores) and ANI-TDI Plant (₹ 3.26 crores).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 5 : Investment property

(₹ Crores)

Particulars	Building	Total
Cost		
As at April 01, 2019	**25.93**	**25.93**
Additions (subsequent expenditure)	**-**	**-**
As at March 31, 2020	**25.93**	**25.93**
Additions (subsequent expenditure)	-	-
As at March 31, 2021	**25.93**	**25.93**
Depreciation		
As at April 01, 2019	**7.38**	**7.38**
Depreciation for the year	0.42	0.42
As at March 31, 2020	**7.80**	**7.80**
Depreciation for the year	0.43	0.43
As at March 31, 2021	**8.23**	**8.23**
Net Block		
As at March 31, 2021	**17.70**	**17.70**
As at March 31, 2020	18.13	18.13

Information regarding income and expenditure of Investment property

(₹ Crores)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Rental income derived from Investment properties	**8.00**	11.36
Direct operating expenses (including repairs and maintenance) generating rental income	**(2.24)**	(3.62)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	**(1.86)**	(1.98)
Profit arising from investment property before depreciation and indirect expenses	**3.90**	5.76
Less : Depreciation	**(0.43)**	(0.42)
Profit arising from investment property before indirect expenses	**3.47**	5.34

(i) As at March 31, 2021 and March 31, 2020 the fair values of the investment property is ₹ 85.20 crores and ₹ 85.21 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 47.2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 6 : Intangible assets (₹ Crores)

Particulars	Computer software	Licenses	Total
Cost			
As at April 01, 2019	**25.70**	**34.27**	**59.97**
Additions	0.56	-	0.56
As at March 31, 2020	**26.26**	**34.27**	**60.53**
Additions	1.68	0.02	1.70
Deletion	(2.89)	-	(2.89)
As at March 31, 2021	**25.05**	**34.29**	**59.34**
Amortization			
As at April 01, 2019	**20.58**	**14.73**	**35.31**
Amortization for the year	1.19	1.55	2.74
As at March 31, 2020	**21.77**	**16.28**	**38.05**
Amortization for the year	1.40	1.55	2.95
Disposals	(2.76)	-	(2.76)
As at March 31, 2021	**20.41**	**17.83**	**38.24**
Net Block			
As at March 31, 2021	**4.64**	**16.46**	**21.10**
As at March 31, 2020	4.49	17.99	22.48

Note 7 : Investments (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Investments		
(i) Investment in Associate at cost (Unquoted)		
Investment in equity instrument (In fully paid up equity shares)		
12,50,000 (previous year 12,50,000) Equity shares of Gujarat Green Revolution Company Limited of ₹ 10/- each $	**85.78**	78.04
Total	**85.78**	78.04
Non- Trade Investments		
(i) Investments at fair value through other comprehensive income (FVTOCI)[Refer note (a & b)]		
Investments in equity instruments-quoted (In fully paid up equity shares)		
A) 75,00,000 (previous year 75,00,000) Equity Shares of Gujarat State Fertilizers & Chemicals Limited of ₹ 2/- each	**60.98**	27.41
B) 17,59,996 (previous year 17,59,996) Equity Shares of Gujarat Alkalies & Chemicals Limited of ₹ 10/- each	**60.68**	39.25
C) 80,00,000 (previous year 80,00,000) Equity Shares of Gujarat State Petronet Limited of ₹ 10/- each	**218.68**	137.96
D) 2,66,445 (previous year 2,66,445) Equity Shares of Gujarat Gas Limited of ₹ 2/- each	**14.64**	6.15
	354.98	210.77

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Investments in equity instruments-unquoted		
A) 2,15,43,200 (previous year 2,15,43,200) equity shares of Gujarat State Petroleum Corporation Limited of ₹ 1/- each	**21.27**	18.55
B) 42,000 (previous year 42,000) equity shares of Bharuch Enviro Infrastructure Limited of ₹ 10/- each	**5.44**	4.65
C) 20,000 (previous year 20,000) equity shares of Gujarat Venture Finance Limited of ₹ 10/- each	**0.38**	0.34
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)	**386.13**	348.97
E) 2,42,10,000 (previous year 2,42,10,000) equity shares of Ecophos GNFC Private Limited of ₹ 10/- each @ , #	**- ***	- *
F) Nil (previous year 1) equity shares of Gujarat State Electricity Corporation Limited of ₹ 10/- each	**-**	- *
G) 1,35,30,000 (previous year 1,35,30,000) equity shares of Bharuch Dahej Railway Company Limited of ₹ 10/- each	**11.69**	11.40
H) 10 (previous year 10) shares of GESIA IT Association of ₹ 10/- each	**- ***	- *
	424.91	383.91
Total Investments at FVTOCI	**779.89**	594.68
(ii) Investments at fair value through profit and loss (FVTPL)		
Investments at FVTPL - Unquoted		
A) Investments in Government securities	**6.09**	-
B) Investments in Debentures **	**56.98**	-
C) Investments in State Development Loans	**9.16**	-
Total Investments at FVTPL	**72.23**	-
Non-current	**865.67**	672.72
Current	**72.23**	-
Total investments	**937.90**	672.72
Aggregate book value of quoted investments and market value thereof	**354.98**	210.77
Aggregate amount of unquoted investments	**582.92**	461.95
* Amount nullified on conversion to ₹ crores		
$ Investment in Associate is accounted under Equity method as under:		
Opening Carrying Value of Investments	**78.04**	68.93
Addition during the year	**7.74**	9.11
Carrying Value of Investments at the year end	**85.78**	78.04

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 previous year, M/s Eophos 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 Company valued such investment as at March 31, 2020 at the nominal consideration of ₹ 1 in EGIPL resulting into aggregate losses of ₹ 24.21 crores recognised through other comprehensive income in the previous year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

@ Company is carrying physical share certificate in respect of these investments.

** During the year, the Company has 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 ₹ 7 only (i.e. ₹ 1 for each security) as against total face value of ₹ 45.40 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 Income Approach. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk, volatility, net assets and market multiples. The probabilities of various estimates within the range can be reasonably assessed and are used in management's estimates for fair value for these unquoted equity instruments.

Reconciliation of fair value measurement of the investments in equity shares (₹ Crores)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Opening Balance	**594.69**	730.39
Add : Fair value gain / (loss) recognised in Other Comprehensive Income	**185.20**	(135.70)
Closing Balance	**779.89**	594.69

Note 8 : Loans and advances (Unsecured) (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Loans		
Unsecured - considered good		
Deposits with corporate	**400.00**	165.00
Loans to employees*	**18.19**	18.86
Total	**418.19**	183.86
Non-Current		
Loans		
Unsecured - considered good		
Loans to employees*	**107.85**	102.22
Unsecured - considered doubtful		
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)
	-	**-**
Total	**107.85**	102.22
Total loans and advances	**526.04**	286.08

* includes interest accrued ₹ 4.21 crores (previous year ₹ 3.78 crores) Crores on current loans to employees and of ₹ 32.09 crores (previous year ₹ 32.54 crores) on non-current loans to employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 9 : Other financial assets (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Other financial assets		
Advances to GNFC Employee Provident Fund Trust (GNFC-EPFT)*	**21.04**	758.92
Dividend receivable	**4.42**	-
Accrued interest	**23.43**	10.00
Fair value of derivative contracts	**-**	4.59
Other receivables	**0.01**	0.02
Deposits with suppliers	**7.11**	7.11
Export Benefit Receivable	**2.33**	2.18
Total	**58.34**	782.82
Non-Current		
Other financial assets		
Deposits with suppliers	**14.85**	14.34
Total	**14.85**	14.34
Total other financial assets	**73.19**	797.16

* During the previous year, the Company had surrendered its exemption to hold contribution in Employees' Provident Fund Trust of the Company (GNFC-EPFT) to Employees' Provident Fund Organization (EPFO) based on the Company's obligation as at March 31, 2020 by availing the option of depositing entire corpus of GNFC-EPFT in liquid cash to EPFO. On surrendering the exemption to hold the trust, GNFC-EPFT had deposited ₹ 820.59 crores, being the amount equivalent to the statutory liabilities as at March 31, 2020 with the EPFO after obtaining advance from the Company. The Company had recognized the shortfall/deficit of ₹ 61.67 crores between the value of investment portfolio and other assets held by GNFC-EPFT and Company's obligations to EPFO as at March 31, 2020 which was made good by the Company. Accordingly the net amount of ₹ 758.92 crores was shown as advance to GNFC-EPFT as at March 31, 2020, which was equivalent to the fair value of investments, as evaluated by an independent valuers, and other assets held by GNFC-EPFT.

During the current year, against the aforesaid advance outstanding as at March 31, 2020 amounting to ₹ 758.92 crores, the entire investment portfolio and other assets held by GNFC-EPFT have been transferred to the Company except balance of ₹ 21.04 crores, which is held by State Bank of India in the name of GNFC-EPFT . Such balance of ₹ 21.04 crores shall be received by the Company after receiving final order of approval for cancellation of exemption of GNFC-EPFT from EPFO.

Note 10 : Trade receivables (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables		
Secured, Considered good	**22.58**	14.37
Unsecured Considered good	**209.03**	211.87
Unsecured Credit impaired	**27.28**	9.47
Subsidy receivables (Considered good)	**277.94**	1,187.18
	536.83	1,422.89
Less : Impairment Allowances (Allowance for doubtful debts)		
Trade receivables		
Credit impaired	**(27.28)**	(9.47)
Total	**509.55**	1,413.42

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note:

- No trade or other receivables are due from Directors or other officers of the Company either severally or jointly with any other person; nor any trade or other receivables are due from firms or private companies in which any Director is a partner, a director or a member.
- 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 ₹ 75.97 crores (previous year ₹ 91.80 crores) are governed by the terms of respective contract agreement. Out of the dues, the Company has provided impairment allowance of ₹ 26.92 crores as on March 31, 2021 (as on March 31, 2020: ₹ 9.11 crores) based on credit risk model followed by the Company.
- Subsidy receivables represents amount receivable from government against sale of fertilizers.

Note 11: Other non-current assets (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Unamortized value of employee loan benefits	**31.98**	29.75
Capital advances	**36.54**	38.07
Deposits / Recoverable balances from customs, VAT and others	**1.39**	2.12
Contract assets	**-**	2.99
Prepaid Expense	**3.37**	4.46
Unsecured - considered doubtful		
Advances to suppliers	**1.64**	1.64
Less: Provision for doubtful advances	**(1.64)**	(1.64)
	-	-
Balances / deposits of recoverable customs, taxes, cess etc.	**5.15**	5.08
Less: Provision for doubtful balances	**(5.15)**	(5.08)
	-	-
Receivable from others	**4.14**	4.14
Less: Provision for doubtful balances	**(4.14)**	(4.14)
	-	-
Total	**73.28**	77.39

Note 12 : Inventories (Valued at lower of Cost and Net realisable value) (₹ Crores)

Particulars		As at March 31, 2021		As at March 31, 2020
Raw materials		**186.69**		191.99
(Includes in transit inventory as on March 31, 2021 ₹ 43.04 crores; as on March 31, 2020 ₹ 52.13 crores)				
Work-in-progress *		**36.79**		84.90
Finished goods *		**113.26**		133.62
Traded goods		**2.22**		2.28
Stores and spares (Including coal)	**483.32**		522.05	
(Includes in transit inventory as on March 31, 2021 ₹ 1.90 crores; as on March 31, 2020 ₹ 0.55 crores)				
Less: Provision for Inventory obsolescence	**(8.94)**	**474.38**	(2.49)	519.56
Total		**813.34**		932.35

* During the current year, the company has adjusted inventories of finished goods and Work-in-progress by ₹ 1.20 crores (Previous year ₹ 3.50 crores) so as to value such inventories at net realizable value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 13: Cash and cash equivalents

(₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
Balances with banks in:		
Current accounts	**4.44**	5.60
Debit balance in cash credit and overdraft accounts	**9.47**	0.82
Cash on hand	**0.07**	-
Deposits with original maturities less than 3 months	**123.19**	59.32
Total	**137.17**	65.74

Note 14 : Other bank balances

(₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks		
Unpaid dividend accounts	**10.71**	10.57
Bank balances in escrow accounts *	**37.46**	15.56
Deposit with original maturity more than 3 months but remaining maturities of less than 12 months #	**1,265.39**	97.13
Total	**1,313.56**	123.26

* 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 23 as "Other current financial liabilities".

\# Includes ₹ 302.67 crores (₹ 82.67 crores previous year) pledged with lenders and Government authorities.

Note 15 : Other current assets

(₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits / Recoverable balances from customs, VAT and others	**3.27**	22.99
Goods and Service Tax Receivable	**14.48**	15.20
Advance to suppliers	**48.69**	58.17
Insurance claim receivable	**-**	4.00
Contract assets	**16.71**	18.55
Receivable from others	**0.63**	4.76
Prepaid expenses	**20.77**	17.37
Unamortized value of employee loan benefits	**5.21**	5.67
Energy savings certificates *	**-**	-
Total	**109.76**	146.71

* Amount nullified on conversion to ₹ crores

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 16 : Share capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ Crores	No. of shares	₹ Crores
Authorised share capital				
Equity shares of ₹ 10 each	**25,00,00,000**	**250.00**	25,00,00,000	250.00
	25,00,00,000	**250.00**	25,00,00,000	250.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each subscribed and fully paid up	**15,54,18,783**	**155.42**	15,54,18,783	155.42
Total issued, subscribed and fully paid up share capital	**15,54,18,783**	**155.42**	15,54,18,783	155.42

Note 16.1 : Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ Crores	No. of shares	₹ Crores
Equity Shares				
At the beginning of the year	**15,54,18,783**	**155.42**	15,54,18,783	155.42
Issued/reduction, if any during the year	**-**	-	-	-
Outstanding at the end of the year	**15,54,18,783**	**155.42**	15,54,18,783	155.42

Note 16.2 : Terms/rights attached to the equity shares

Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having par value of ₹ 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 2020-21, the Company has proposed dividend of ₹ 8/- per equity share to equity shareholder (for the previous financial year dividend of ₹ 5/- 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.

Note 16.3 : Number of Shares held by each shareholder holding more than 5% Shares in the Company

Particulars	As at March 31, 2021		As at March 31, 2020	
	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
Gujarat State Fertilizers & Chemicals Ltd.	**3,07,79,167**	**19.80**	3,07,79,167	19.80
Life Insurance Corporations of India	**92,37,124**	**5.94**	1,17,91,612	7.59

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 17 : Other equity

Note 17.1 Reserves and surplus

(₹ Crores)

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Total
As at April 01, 2019	**0.64**	**313.31**	**2,479.76**	**1,634.29**	**4,428.00**
Profit for the year				508.01	508.01
Re-measurement losses on defined benefit plans (net of tax)				(14.42)	(14.42)
Balance available for appropriation				**2,127.88**	**4,921.59**
Less : Appropriations					
Dividend				108.79	108.79
Tax on equity dividend				22.36	22.36
As at March 31, 2020	**0.64**	**313.31**	**2,479.76**	**1,996.73**	**4,790.44**
Profit for the year				696.95	696.95
Re-measurement gain on defined benefit plans (net of tax)				11.01	11.01
Amount transferred from Other comprehensive income (refer note (a) below)				(61.26)	(61.26)
Balance available for appropriation				**2,643.43**	**5,437.14**
Less : Appropriations					
Dividend				77.71	77.71
As at March 31, 2021	**0.64**	**313.31**	**2,479.76**	**2,565.72**	**5,359.43**

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.

Note 17.2 Other comprehensive income (OCI)

(₹ Crores)

Particulars	Net gain / (loss) on FVTOCI equity Investments	Total
As at April 01, 2019	**481.31**	**481.31**
Other comprehensive income / (expense) during the year		
Net (loss) on FVTOCI equity investments for the year	(135.70)	(135.70)
Income tax effect	7.82	7.82
As at March 31, 2020	**353.43**	**353.43**
Amount transferred to retained earnings (refer note (a) below)	61.26	61.26
Other comprehensive income / (expense) during the year		
Net gain on FVTOCI equity investments for the year	185.20	185.20
Income tax effect	(46.54)	(46.54)
As at March 31, 2021	**553.35**	**553.35**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

note a :

In the earlier years, the Company had recognised total losses of ₹ 61.26 crores in Other Comprehensive Income (OCI) for investment in unquoted equity shares of Bhavnagar Energy Company Limited (BECL) that got merged into Gujarat State Electricity Corporation Ltd (GSECL) by issuance of one fully paid-up equity share of ₹ 10/- each to each shareholder of BECL against total number of shares held by them. During the current year, the one share of GSECL was transferred in the name of The Gujarat Urja Vikas Nigam Limited (GUVNL). Accordingly the company has transferred cumulative realised loss of ₹ 61.26 crores within equity (i.e. From OCI to retained earnings).

Note 17.3 Dividend distribution made and proposed (₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cash dividends on equity shares declared and paid		
Final dividend for year ended March 31, 2020: ₹ 5 per share (March 31, 2019: ₹ 7 per share)	**77.71**	108.79
Dividend distribution tax on final dividend	**-**	22.36
	77.71	131.15
Proposed dividends on equity shares		
Final cash dividend proposed for the year ended March 31, 2021: ₹ 8 per share (March 31, 2020: ₹ 5 per share)	**124.34**	77.71

With effect from 1st April 2020, the Dividend Distribution Tax ('DDT') payable by the company under section 115O of Income Tax Act is abolished and a withholding tax is introduced on the payment of dividend. As a result, dividend is now taxable in the hands of the recipient.

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 18 : Borrowings (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Short-term interest bearing borrowings		
Secured		
From Bank- cash credit and overdraft accounts	**2.16**	25.66
Other loans and advances from banks *	-	382.98
Unsecured		
Loan repayable on demand from others	-	450.00
Total	**2.16**	858.64

* It included the borrowing availed against Special Banking Arrangement (SBA) of ₹ 232.98 crores, during the previous year, as approved by Ministry of Finance, Department of Economic Affairs to enable the indigenous Urea and indigenous P&K manufacturers to raise loans from Punjab National Bank against outstanding subsidy receivables from the Government of India (GOI).

Terms of repayment, interest and security

SBA carried interest rate of 6.15% p.a of which GOI shall be bearing 6.15% and Nil shall be borne by the Company.

SBA was secured by hypothecation of subsidy receivables in respect of indigenous Urea and indigenous P&K as identified

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

and lien marked by Government of India. SBA was further secured by letter of comfort from Department of Fertilizers (DOF), GOI for timely payment of principle and interest to the extent of 6.15%. per annum.

SBA was repayable within maximum period of 60 days from the date of disbursement with one day prior notice.

Security details

Short term borrowings from banks as cash credit and overdraft accounts of ₹ 2.16 crores (March 31, 2020: ₹ 25.65 crores) and Short-Term Loans and Advances from Banks of ₹ NIL (March 31, 2020: ₹ 382.98 crores) 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:

Cash credit facilities and overdrafts carries interest rates ranging from 7.00% to 8.25% p.a.

Note 19 : Trade payables (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
(A) Total outstanding dues of micro, small and medium enterprises	**23.22**	32.56
(B) Total outstanding dues of creditors other than micro, small and and medium enterprises	**437.02**	480.84
Total	**460.24**	513.40

(₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 as amended ("MSMED Act"):		
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	**23.22**	32.56
(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 20 : Other current financial liabilities (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Liability towards capital grant received (net) *	**85.06**	85.06
Deposits / retention money from customers / vendors / others	**51.96**	66.88
Payable for capital goods @	**28.62**	9.75
Rebate / discounts payable to customers	**40.16**	37.34
Liability for Escrow Accounts $	**37.46**	15.56
Unclaimed dividends #	**10.71**	10.57
Fair Value of Derivative contracts	**1.11**	-
Interest accrued but not due on borrowings	**-**	0.23
Total	**255.08**	225.39
Non - Current		
Retention money from vendors	**5.12**	-
Total	**5.12**	-
Total other financial liabilities	**260.20**	225.39

* 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 ₹ 1.00 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 14 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 Current Maturities) and Interest accrued but not due	Unclaimed Dividend	Derivatives	Total
As on April 01, 2019	**152.92**	**10.01**	**-**	**162.93**
Net Cash Flow	677.04	(130.59)	(0.43)	546.02
Changes in Fair Value	-	-	(4.16)	(4.16)
Charged to P&L during the year	3.25	-	-	3.25
Dividend recognised during the year	-	131.15	-	131.15

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ Crores)

Particulars	Borrowings (includes Current Maturities) and Interest accrued but not due	Unclaimed Dividend	Derivatives	Total
As on March 31, 2020	**833.21**	**10.57**	**(4.59)**	**839.19**
Net Cash Flow	(851.64)	(77.57)	(4.45)	(933.66)
Changes in Fair Value	-	-	10.15	10.15
Charged to P&L during the year	18.43	-	-	18.43
Dividend recognised during the year	-	77.71	-	77.71
As on March 31, 2021	**-**	**10.71**	**1.11**	**11.82**

Note 21 : Provisions (Non-current)

(₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for leave encashment	**197.81**	183.87
Provision for post retirement medical benefit (refer Note 40)	**62.42**	59.32
Total	**260.23**	243.19

Note 22 : Government grant (Deferred Income)

(₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Grant from Government of India (refer note a)	**60.65**	60.65
Government grant of Export Promotion Capital Grant (EPCG) (refer note b)	**5.93**	1.85
Total	**66.58**	62.50
Non Current		
Grant from Government of India (refer note a)	**697.51**	758.16
Other Government grant	**1.00**	1.00
Total	**698.51**	759.16
Total government grant (deferred income)	**765.09**	821.66

(a) Movement in Grant from Government of India

(₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening	**818.81**	879.47
Amortized to statement of profit and loss	**(60.65)**	(60.66)
Closing	**758.16**	818.81

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(b) Movement in Government grant of EPCG (₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening	**1.85**	5.00
Add: New EPCG licence received during the year	**6.08**	1.74
Less: Amortized to statement of profit and loss	**(2.00)**	(4.89)
Closing	**5.93**	1.85

Note 23 : Other current liabilities (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory and other liabilities	**50.77**	13.07
Other current liabilities (Refer Note 42(A))	**33.89**	19.34
Contract liabilities (including advance from customers)	**15.14**	20.33
Total	**99.80**	52.74

Note 24 : Provisions (current) (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for gratuity (Refer Note 40)	**-**	1.59
Provision for leave encashment	**31.30**	55.85
Provision for contingencies (refer note a)	**1.60**	3.04
Provision for post retirement medical benefit (Refer Note 40)	**2.02**	1.80
Total	**34.92**	62.28

Note: a

The Company had created a contingency provision of ₹ 3.04 crores during the earlier years for possible contractual obligation of IT business. The movement of other provision is as under:

(₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance	**3.04**	3.04
Amount utilised / reversed during the year	**(1.44)**	-
Closing balance	**1.60**	3.04

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 25 : Income Tax

The major component of income tax expenses for the year ended March 31, 2021 and March 31, 2020 are as under

a) Statement of Profit and Loss Section (₹ Crores)

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
Current Income tax			
Current tax charges	A	**277.96**	75.51
Excess tax provision write back of earlier years (refer note (h) below)	B	**(0.09)**	(10.64)
Deferred Tax			
Relating to origination and reversal of temporary differences		**(18.77)**	0.52
Relating to reversal of temporary differences on account of change in tax rates in subsequent year (refer note (i) below)		**-**	(127.23)
Tax (credit) under Minimum Alternate tax		**-**	(12.23)
	C	**(18.77)**	(138.94)
Tax Expense reported in the Statement of Profit and Loss	A + B + C	**259.10**	(74.07)
Other Comprehensive Income ('OCI') Section			
Income tax / Deferred tax related to items recognised in OCI during the year			
Remeasurement losses on defined benefit plans, (charge) / credit		**(5.91)**	3.05
Unrealised loss on FVTOCI equity investments, (charge) / credit		**(46.54)**	7.82
		(52.45)	10.87

b) Balance Sheet Section

Particulars	As at March 31, 2021	As at March 31, 2020
Liabilities for current tax (net)	**41.16**	24.14
Income tax assets (net)	**(9.77)**	(11.47)
Net Tax Provision Outstanding	**31.39**	12.67

c) Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2021 and March 31, 2020 (₹ Crores)

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	%	Amount	%	Amount
Profit Before tax		**948.31**		424.78
Tax using domestic tax rate for Company	**34.94**	**331.38**	34.94	148.44
Tax Effect of:				
Income exempted from tax	**(0.43)**	**(4.12)**	(0.39)	(1.66)
Deduction u/s 80IA	**(7.11)**	**(67.44)**	(19.52)	(82.92)
Expenses with weighted deduction in tax	**-**	**-**	(0.09)	(0.39)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	%	Amount	%	Amount
Non-deductible expenses	**0.19**	**1.79**	0.62	2.62
Sale of assets	**0.05**	**0.52**	0.01	0.05
Right of Use Asset - Ind AS 116	**(0.04)**	**(0.35)**	(0.31)	(1.32)
Adjustment in depreciation net book value of assets	**0.21**	**1.98**	0.48	2.05
Reversal of deferred tax liability on account of change in tax rate (refer note (i) below)	**(0.52)**	**(4.94)**	(29.95)	(127.23)
Other adjustments	**0.04**	**0.37**	(0.72)	(3.07)
Effective tax rate and tax	**27.33**	**259.19**	(14.93)	(63.43)
Excess tax provision write back of earlier years	**(0.01)**	**(0.09)**	(2.50)	(10.64)
Tax expenses as per Books	**27.32**	**259.10**	(17.44)	(74.07)

d) **Deferred Tax Liability (net)** **(₹ Crores)**

Particulars	Balance Sheet as at		Statement of Profit and Loss	
	March 31, 2021	March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020
(Liability) on Accelerated depreciation for tax purpose	**(605.66)**	(650.19)	**(44.53)**	(223.46)
Assets on provision for Leave encashment	**59.42**	69.55	**10.13**	10.48
Assets on deferrd government grant of ASGP	**196.74**	223.87	**27.1**	83.45
Assets on deferrd government grant of EPCG	**2.07**	0.03	**(2.04)**	1.72
Assets on Provision for doubtful debts and advances	**21.59**	13.59	**(8.00)**	1.17
(Liability) on equity investment FVTOCI	**(69.12)**	(22.58)	**46.54**	(7.82)
Assets on other adjustments	**4.05**	2.59	**(1.46)**	(0.07)
Total	**(390.91)**	(363.14)	**27.77**	(134.53)

e) **Deferred tax liabilities reflected in the balance sheet as follows** **(₹ Crores)**

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities	**390.91**	363.14
Less : Tax credit entitlement under MAT	**-**	(47.06)
Deferred tax liabilities (net)	**390.91**	316.08

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

f) Reconciliation of deferred tax liabilities (net) **(₹ Crores)**

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Opening balance	**316.08**	466.68
Tax (credit) / expenses during the period recognised in statement of profit and loss	**(18.77)**	0.52
Tax (credit) on reversal of liabilities on account of change in tax rates (refer note (i) below)	**-**	(127.23)
Tax (credit) under Minimum Alternate tax	**-**	(16.07)
Tax charge / (credit) during the period recongnised in OCI	**46.54**	(7.82)
Utilisation of MAT credit entitlement	**47.06**	-
Closing balance	**390.91**	316.08

g) During the current year, the Company has provided income tax provision of ₹ 277.96 crores as per normal provisions of Income Tax Act. In the previous year the Company made tax provision as per the Minimum Alternate Tax (MAT) in terms of the provisions of section 115JB of the Income Tax Act of ₹ 75.51 crores.

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 ₹ 0.09 crores (previous year ₹ 10.64 crores) related with earlier years has been written back in the books.

i) Pursuant to the Taxation Laws (Amendment) Act, 2019, a new section 115BAA was inserted in the Income Tax Act, 1961 which had provided an option to the domestic companies to pay income tax at lower rate subject to the giving up of certain incentives and deductions. The Company had made an assessment of the impact of the above section and decided to continue with existing taxation structure to avail tax incentives and deductions available to the Company. However, the Company had applied the lower income tax rates on the deferred tax liabilities on account of temporary differences to the extent these are expected to be realized or settled in the future period when the Company may be subjected to lower tax rate. Accordingly, the Company had reversed net deferred tax liability of ₹ 127.23 crores during the previous year.

j) On account of utilization of MAT credit of ₹ 47.06 crores, the Company has ₹ NIL unutilised MAT credit under the Income Tax Act, 1961 and cash outflow of tax expenses for the year is lower to that extent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 26 : Revenue from operations (₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Note 26.1		
Sale of products		
Own products (refer below Note 26.2)	**5,038.59**	5,063.58
Traded products	**15.14**	18.57
	5,053.73	5,082.15
Rendering of services	**58.44**	61.32
Other operating revenue		
Export incentive	**4.29**	6.93
Recovery of administrative charges (Fly Ash)	**7.29**	6.66
Sale of scrap / surplus / unserviceable materials	**4.94**	5.36
	16.52	18.95
Total	**5,128.69**	5,162.42

Note 26.2 : Sale of own products above includes:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Subsidy from Government of India under New Urea Policy / Retention Price Scheme/Nutrient Based Subsidy Scheme (including escalation / de-escalation)		
Pertaining to current year	**992.64**	1,319.52
Pertaining to earlier year determined during current year	**47.61**	180.74
Total	**1,040.25**	1,500.26

Note 26.3 : Timing of revenue recognition

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Goods transferred / services rendered at point in time	**5,104.40**	5,136.39
Services transferred over time	**24.29**	26.03
Total	**5,128.69**	5,162.42

Note 26.4 : 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.

Note 26.5 : Reconciliation of amounts of revenue recognized in the statement of profit and loss with the contracted price.

(₹ Crores)

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
Gross Revenue as per contracted price with customer		**4,352.17**	3,952.69
Adjustments:			
Rebates / discounts / incentives		**(233.59)**	(259.75)
Dearler's margin		**(30.14)**	(30.78)
Net Revenue as per contracted price with customer	**A**	**4,088.44**	3,662.16
Subsidy income from Governement of India	**B**	**1,040.25**	1,500.26
Total Revenue from operations	**A+B**	**5,128.69**	5,162.42

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 27 : Other income (₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Grant income	62.65	65.55
Interest income * @	85.94	45.05
Lease rental income	9.43	12.49
Gain (adjustment) on decapitalisation of property, plant and equipment	-	0.10
Unclaimed loans / liabilities written back	6.04	3.75
Dividend income **	11.80	4.76
Exchange variance gain on monetary items	-	4.65
Profit on sale of property, plant & equipments (net of losses)	0.02	-
Insurance claim	4.51	11.42
Gain on sale of investments carried at FVTPL	43.88	-
Gain on Lease modification/ termination (net of losses)	0.02	0.01
Miscellaneous income	12.94	4.89
Total	**237.23**	152.67

* Including ₹ 9.57 crores (previous year ₹ 5.49 crores) on FVTPL Financial Assets.

@ Includes ₹ 0.31 crores (previous year ₹ 4.53 crores) interest on income tax refunds.

** Including ₹ 11.68 crores (previous year ₹ 4.69 crores) on FVTOCI Financial Assets.

Note 28 : Cost of raw materials consumed (₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Inventory at the beginning of the year	191.99	166.00
Add : Purchases	2,219.53	2,759.88
	2,411.52	2,925.88
Less : Inventory at the end of the year	186.69	191.99
Total	**2,224.83**	2,733.89

Note 29 : Changes in inventories of finished goods, work-in-progress and traded goods (₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Inventory at the beginning of the year		
Work-in-progress	84.90	40.34
Finished goods	133.62	138.85
Traded goods	2.28	2.44
	220.80	181.63
Inventory at the end of the year		
Work-in-progress	36.79	84.90
Finished goods	113.26	133.62
Traded goods	2.22	2.28
	152.27	220.80
Total	**68.53**	(39.17)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 30 : Employee benefits expense (₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	**333.29**	358.94
Contribution to provident and pension fund (refer Note 40) *	**43.28**	55.97
Contribution and provision towards gratuity (refer Note 40)	**17.27**	15.47
Employees' welfare expenses	**57.63**	43.42
Loss on transfer of GNFC EPF Trust to EPFO *	**-**	39.50
Total	**451.47**	513.30

* During the previous year, the Company had surrendered its exemption to hold contribution in Employees' Provident Fund Trust of the Company (GNFC-EPFT) to Employees' Provident Fund Organization (EPFO) based on the statutory obligation as at March 31, 2020 by availing the option of depositing entire corpus of GNFC-EPFT in liquid cash to EPFO against advance from the Company. As per the arrangement, the Company has acquired the investment portfolio and other assets from GNFC-EPFT for ₹ 758.92 crores, equivalent to the fair value of investments and other assets held by GNFC-EPFT as at March 31, 2020.

The shortfall/deficit of ₹ 61.67 crores between the value of investment portfolio held by GNFC-EPFT and GNFC-EPFT obligation to EPFO was made good by the Company. Out of shortfall/ deficit, the Company, as a matter of prudence, had provided ₹ 10.25 crores in the financial statements for the year ended March 31, 2019 on account of any likely deficit in the GNFC-EPFT in meetings its obligation and accordingly, net loss of ₹ 51.42 crores is accounted under Employee benefit expenses in the financial statements for the year ended March 31, 2020. Out of this, ₹ 11.92 crores pertains to interest shortfall between interest earned by GNFC-EPFT and the interest notified by the Government for FY 2019-20 recognised under the head contribution to provident fund and balance of ₹ 39.50 crores pertains to shortfall between the provident fund liability and the fair value of investments and other assets at March 31, 2020 recognised as loss on transfer of GNFC-EPFT to EPFO.

Note 31 : Finance costs (₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on borrowings	**16.46**	1.66
Interest others	**1.83**	1.38
Bank charges and commission	**1.52**	2.02
Interest on lease liability (refer Note 38)	**0.14**	0.21
Total	**19.95**	5.27

Note 32 : Depreciation and amortization (₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on property, plant and equipment (refer Note 4)	**267.95**	259.18
Depreciation on investment property (refer Note 5)	**0.43**	0.42
Amortization on intangible assets (refer Note 6)	**2.95**	2.74
Depreciation on RoU assets (refer Note 38)	**0.97**	1.99
Total	**272.30**	264.33

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 33 : Other expenses (₹ Crores)

Particulars		Year ended March 31, 2021		Year ended March 31, 2020
Stores, chemicals and catalysts		**123.31**		92.13
Packing expenses		**69.47**		76.38
Insurance		**36.73**		26.27
Repairs and maintenance :				
- Building	**7.02**		5.93	
- Plant and equipment	**102.41**		112.48	
- Others	**5.77**	**115.20**	7.04	125.45
Material handling expenses		**10.14**		9.83
Outward freight and other charges		**91.63**		98.45
Sales promotion expenses		**2.23**		1.24
Selling commission		**-**		0.24
Rates & taxes		**3.53**		3.50
Operating lease Rent		**4.47**		4.36
Printing & stationery, communication and advertisement expense		**2.27**		2.16
Traveling and conveyance expenses		**1.45**		3.32
Fire fighting, safety and security expenses		**7.94**		8.04
Electricity charges		**2.57**		3.71
Professional and consultancy charges		**2.77**		3.79
Payment for contract services		**14.40**		13.33
Exchange variance on monetary items		**2.82**		-
Loss on sale / discard of property, plant and equipment (net)		**-**		0.15
Director's fees		**0.10**		0.08
Payment to auditors (refer note (a) below)		**0.43**		0.49
Contributions towards Corporate Social Responsibilities (refer Note 39)		**20.26**		4.20
Premium on forward contracts		**4.45**		0.42
Provision for doubtful debts / advances		**17.88**		8.44
Provision for Inventory obsolescence		**7.90**		2.49
Bad debts written off		**0.72**		0.29
Impairment - capital work-in-progress		**-**		4.68
Fair valuation loss on investments measured at FVTPL (net)		**0.92**		-
Inventory Written off	**1.85**		-	
Less: Utilization of Provision for Inventory obsolescence	**(1.45)**	**0.40**	-	-
Assets written off		**1.52**		-
Miscellaneous expenses		**32.48**		46.86
Total		**577.99**		540.30

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 33 : Other expenses (Contd...) (₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(a) Payment to auditors includes following :		
Payments to Statutory Auditors comprise: (Net of GST Input Credit, where applicable)		
As auditor:		
(i) Statutory Audit Fees	**0.16**	0.16
(ii) Limited Review Fees	**0.15**	0.13
In other capacity:		
(i) Certification Fees	**0.10**	0.19
(ii) Others	**-**	-
Reimbursement of Expenses	**0.02**	0.01
Total	**0.43**	0.49

Note 34 : Earning per share

Particulars	Unit	Year ended March 31, 2021	Year ended March 31, 2020
Net profit after tax	₹ Crores	**696.95**	508.01
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	₹	**44.84**	32.69

Note 35 : Contingent liabilities and other commitments (to the extent not provided for) (₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
(A) Contingent liabilities		
(i) Claims against the Company not acknowledged as debts (In the nature of business contractual claims)	**274.24**	226.21
(ii) Income tax assessment orders contested	**45.06**	42.95
(iii) Demands in respect of Central Excise Duty, Custom Duty, Service Tax, GST and Value Added Tax as estimated by the Company	**166.08**	190.24
Total contingent liabilities	**485.38**	459.40
In respect of the above, the expected outflow will be determined at the time of final resolution of the dispute.		
(B) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**103.23**	163.90
(C) Other commitments		
(i) Export obligation on account of benefit of concessional rate of Custom duty availed under EPCG license scheme on imports of capital goods.	**106.41**	35.22

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 36 : 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 March 31, 2021	Year Ended March 31, 2020
Gujarat Green Revolution Company Limited	Associate	Sale of goods and services	**- ***	- *
		Dividend received	**0.13**	0.06
Ecophos GNFC India Private Limited #	Entities over which Key Management Personnel having significant influence	Provision for receivable as on	**3.48**	3.48
		Receivable as on	**3.48**	3.48
Gujarat Ncode Solutions Limited	Wholly Owned Subsidiary (under process of strike off with MCA)	Advance to meet Expenses	**-**	- *
		Expenses recovered	**-**	- *
		Receivable Written off	**-**	0.04

* Amount nullified on conversion to ₹ crores

\# Managing Director of GNFC had resigned from the post of Chairman in Ecophos GNFC India Private Limited w.e.f 06.03.2020.

(Amount ₹)

Name of the Person	Nature of Relationship	Nature of Transactions	Year Ended March 31, 2021	Year Ended March 31, 2020
Dr J N Singh, IAS - Chairman @ (upto 06.12.2019)	Key Management Personnel	Sitting Fees	**-**	45,000
Shri Anil Mukim, IAS - Chairman@ (upto 13.12.2019)	Key Management Personnel	Sitting Fees	**62,500**	15,000
Smt. Mamta Verma, IAS - Director @	Key Management Personnel	Sitting Fees	**1,10,000**	1,50,000
Shri Mukesh Puri, IAS - Director @ (From 07.01.2021)	Key Management Personnel	Sitting Fees	**32,500**	-
Shri Sujit Gulati, IAS - Director @ (upto 30.01.2020)	Key Management Personnel	Sitting Fees	**-**	60,000
Smt. Gaurikumar, IAS (Rtd.) - Director (from 30.03.2020)	Key Management Personnel	Sitting Fees	**1,90,000**	-
Shri Arvind Agarwal, IAS (Rtd.) * (from 10.06.2020 to 07.12.2020)	Key Management Personnel	Sitting Fees	**60,000**	-
Prof Arvind Sahay (upto 30.09.2020)	Key Management Personnel	Sitting Fees	**75,000**	1,20,000
Shri Sunil Parekh - Director	Key Management Personnel	Sitting Fees	**3,72,500**	3,45,000
Prof. Ranjan Kumar Ghosh - Director (from 29.10.2020)	Key Management Personnel	Sitting Fees	**67,500**	-
Shri B B Bhayani (upto 05.06.2020)	Key Management Personnel	Sitting Fees	**-**	15,000
Shri Pankaj Joshi, IAS, Managing Director (upto 15.07.2020)	Key Management Personnel	Managerial remuneration	**6,65,026**	22,88,416
Shri D V Parikh (GM & CFO)	Key Management Personnel	Remuneration		
Shri A C Shah (GM & CS) (From 11.02.2020)	Key Management Personnel	Remuneration	**62,03,506**	**72,47,347**
Shri T J Lakhmapurkar (GM & CS) (upto 10.02.2020)	Key Management Personnel	Remuneration		

@ Amount deposited in Government Treasury

* ₹ 60,000/- Outstanding payable as on March 31, 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 37 : Research and development expenses

The statement of profit and loss includes following nature of research & development expenses in the respective heads:

(₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Personnel expenses	**1.44**	2.01
Consumables and spares	**0.04**	0.18
Power and fuel consumption	**0.06**	0.07
Total research and development expenses	**1.54**	2.26

Note 38 : 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:

(₹ Crores)

Particulars	Land	Building	Vehicles	Total
As at April 01, 2020	0.07	1.29	0.42	1.78
Additions	0.19	1.38	-	1.57
Deletion / Termination	-	(0.28)	(1.43)	(1.71)
Depreciation for the year	(0.01)	(0.96)	-	(0.97)
Dep on Disposals / termination	-	0.15	1.01	1.16
As at March 31, 2021	**0.25**	**1.58**	**-**	**1.83**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Particulars	₹ Crores
As at April 01, 2020	1.85
Additions	1.57
Accretion of interest	0.14
Payments	(1.09)
Lease termination	(0.57)
As at March 31, 2021	**1.90**
Current	**0.85**
Non-Current	**1.05**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The maturity analysis of lease liabilities are disclosed in Note 47.

The effective interest rate for lease liabilities is 8.70%, with maturity between 2020-2049

The following are the amounts recognised in profit and loss:

Particulars	₹ Crores
Depreciation expense of right-of-use assets	**0.97**
Interest expense on lease liabilities	**0.14**
Expense relating to short-term leases (included in other expenses)	**4.47**
Total amount recognised in profit and loss	**5.58**

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:

(₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Not later than one year	**0.66**	-
Later than one year not later than five years	**0.93**	-
Later than Five years	**-**	
Total	**1.59**	-

Note 39 : Corporate social responsibility (₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gross amount required to be spent by the Company during the year:	**16.01**	16.01

Details of amount spent for CSR

	Particulars	In cash	Yet to be paid in cash	Total
a)	**Amount spent during the year ended March 31, 2021**			
	(i) Construction/acquisition of any asset	-	-	-
	(ii) On purpose other than (i) above*	**20.26**	**-**	**20.26**
b)	**Amount spent during the year ended March 31, 2020**			
	(i) Construction/acquisition of any asset	-	-	-
	(ii) On purpose other than (i) above	4.20	11.81	16.01

* Pursuant to Ministry of Corporate Affairs (MCA) clarification dated 23.03.2020 on spending of Corporate Social Responsibility (CSR) funds for COVID-19 and appeal of Government of Gujarat for contributing to fight against worldwide pandemic "Coronavirus", on 01.04.2020, the Company contributed ₹ 10 crores to the "Chief Minister's Relief Fund"(CMRF), Government of Gujarat after obtaining due approval of Company's CSR Committee and of the Board of Directors. The Company has considered the CMRF

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

contribution as a part of CSR spend in terms of section 135 of Companies Act, 2013 (as amended) ("the Act"). Subsequently, on 10.04.2020, MCA had issued Frequently Asked Questions (FAQs) related to COVID-19 on Corporate Social Responsibility (CSR) wherein it was inter alia clarified that "Chief Minister's Relief Fund" or "State Relief Fund" for COVID-19 is not included in Schedule VII of the Act and therefore, any contribution to such funds shall not qualify as admissible CSR expenditure.

The CSR Committee and the Board vide circular resolution dated 31.03.2021 took a note of the matter and concluded that since the MCA issued FAQ's were issued subsequent to the Companies transaction, the said contributions of ₹ 10 crores earlier made by the Company to CMRF on 01.04.2020 to fight against pandemic "Coronavirus" COVID-19 was in compliance with the provisions of the Act & rules made thereunder read with Schedule VII of the Act and therefore is admissible as CSR expenditure. Accordingly, for the contribution of ₹ 10 crores to the CMRF under Disaster Management of COVID-19 Pandemic, the management of the Company is of the view that it has complied with the provisions of section 135 of the Act, as regards the total required spent of ₹ 16.01 crores towards CSR activities for the year ended March 31, 2021, with actual CSR expenditure spent of ₹ 20.26 crores made by the Company during the year.

Note 40 : Gratuity and other post employment benefit plans:

A. Defined contribution plans:

Amount of ₹ **43.28** crores (March 31, 2020: ₹ 55.97 crores) is recognised as expenses and included in note no. 30 "Employee benefit expense"

(₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Provident fund *	**23.18**	35.26
Contribution to pension scheme	**20.10**	20.71
	43.28	55.97

* Previous year amount includes ₹ 11.92 crores paid towards interest shortfall between interest earned by GNFC-EPFT and the interest notified by the Government (refer Note 30).

B. Defined benefit plans:

The Company has following post employement 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, 2021

March 31, 2021 : 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, 2021
	April 1, 2020	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		
Gratuity												
Defined benefit obligation	(319.16)	(17.16)	(21.99)	(39.15)	31.15	-	0.60	(0.45)	17.70	17.85	-	**(309.31)**
Fair value of plan assets	317.57	-	21.88	21.88	(31.15)	(2.76)	-	-	-	(2.76)	3.77	**309.31**
Benefit (liability) / Assets	**(1.59)**	**(17.16)**	**(0.11)**	**(17.27)**	**-**	**(2.76)**	**0.60**	**(0.45)**	**17.70**	**15.09**	**3.77**	**-**
Post retirement medical benefit												
Defined benefit obligation	(61.12)	(3.01)	(4.16)	(7.17)	2.02	-	-	0.98	0.85	1.83	-	**(64.44)**
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	**-**
Benefit (liability)/Assets	**(61.12)**	**(3.01)**	**(4.16)**	**(7.17)**	**2.02**	**-**	**-**	**0.98**	**0.85**	**1.83**	**-**	**(64.44)**

March 31, 2020 : 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, 2020
	April 1, 2019	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		
Gratuity												
Defined benefit obligation	(303.67)	(15.47)	(24.11)	(39.58)	33.50	-	-	(22.97)	13.56	(9.41)	-	(319.16)
Fair value of plan assets	303.67	-	24.11	24.11	(33.50)	(1.34)	-	-	-	(1.34)	24.63	317.57
Benefit (liability) / Assets	-	(15.47)	-	(15.47)	-	(1.34)	-	(22.97)	13.56	(10.75)	24.63	(1.59)
Post retirement medical benefit												
Defined benefit obligation	(49.50)	(2.75)	(3.92)	(6.67)	1.77	-	-	(8.88)	2.16	(6.72)	-	(61.12)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit (liability) / Assets	(49.50)	(2.75)	(3.92)	(6.67)	1.77	-	-	(8.88)	2.16	(6.72)	-	(61.12)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Insurance fund with LIC *	**100%**	100%

* As the gratuity fund is managed by LIC, details of fund invested by insurer are not available with the Company.

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

Particulars	Gratuity		Post retirement medical benefit	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	**6.87%**	6.89%	**6.91%**	6.81%
Future salary increase	**9% and 7% as per catagory**	9% and 7% as per catagory	**N.A**	N.A
Medical Inflation Rate	**N.A**	N.A	**5.00%**	5.00%
Expected rate of return on plan assets	**6.87%**	6.89%	**N.A**	N.A
Employee Turnover Rate	**12% and 1% as per category**	1.00%	**1.00%**	1.00%
Mortality rate during employment	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)
Mortality rate after employment	**N.A**	N.A	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)

A quantitative sensitivity analysis for significant assumption is as shown below: **(₹ Crores)**

Particulars	Sensitivity Level	Increase / (decrease) in defined benefit obligation (Impact)			
		Gratuity		Post retirement medical benefit	
		Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	1% increase	**(20.72)**	(21.30)	**(8.39)**	(8.07)
	1% decrease	**24.17**	24.69	**11.59**	10.93
Salary increase	1% increase	**23.89**	24.41	**N.A**	N.A
	1% decrease	**(20.87)**	(21.46)	**N.A**	N.A
Medical cost inflation	1% increase	**N.A**	N.A	**11.70**	11.03
	1% decrease	**N.A**	N.A	**(8.60)**	(8.28)
Employee turnover	1% increase	**(0.07)**	(0.13)	**(2.81)**	(2.74)
	1% decrease	**0.05**	0.12	**4.19**	3.84

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The followings are the expected future benefit payments for the defined benefit plan : (₹ Crores)

Particulars	Gratuity		Post retirement medical benefit	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Within the next 12 months (next annual reporting period)	**37.72**	33.84	**2.02**	1.80
Between 2 and 5 years	**118.66**	124.77	**10.92**	9.70
Between 6 and 10 years	**131.42**	138.80	**20.55**	18.18
Total expected payments	**287.80**	297.41	**33.49**	29.68

Weighted average duration of defined plan obligation (based on discounted cash flows) (Years)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gratuity	**9**	10
Post retirement benefit obligation	**15**	15

The followings are the expected contributions to planned assets for the next year: (₹ Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gratuity	**15.98**	16.14
Post retirement medical benefit	**-**	-

Note 41 : Investments in Subsidiary and Associates

(A) Details of Subsidiary and Associate company considered in the preparation of the Consolidated financial statements:

Name of Entity	Relationship	Place of Business	Ownership	
			March 31, 2021	March 31, 2020
Gujarat Ncode Solutions Limited *	Subsidiary	India	**100.00%**	100.00%
Gujarat Green Revolution Company Limited	Associate	India	**46.87%**	46.87%

* Under process of striking off with Ministry of Corporate Affairs (MCA).

Note: Method of accounting of investments in subsidiary and associate Company is at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(B) Additional information as required by paragraph 2 of the 'General instruction for preparation of Consolidated Financial Statements' to schedule III to the Companies Act, 2013:

Particulars	Net Asset (i.e Total Asset - Total Liabilities)		Share of Profit or Loss		Share in other Comprehensive income	
	As % of consolidated net assets	Amount (₹ Crores)	As % of consolidated profit and loss	Amount (₹ Crores)	As % of consolidated other compre hensive income	Amount (₹ Crores)
Parent						
Gujarat Narmada Valley Fertilizers and Chemicals Limited						
- Balance as at March 31, 2021	**98.59%**	**5,982.42**	**98.89%**	**689.21**	**100.00%**	**149.67**
- Balance as at March 31, 2020	98.53%	5,221.25	98.21%	498.90	100.00%	(142.30)
Indian Subsidiary						
Gujarat Ncode solutions Limited						
- Balance as at March 31, 2021	**0.00%**	**Nil**	**0.00%**	**Nil**	**0.00%**	**Nil**
- Balance as at March 31, 2020	0.00%	Nil	0.00%	Nil	0.00%	Nil
Indian associate						
Gujarat Green Revolution Company Limited						
- Balance as at March 31, 2021	**1.41%**	**85.78**	**1.11%**	**7.74**	**0.00%**	**Nil**
- Balance as at March 31, 2020	1.47%	78.04	1.79%	9.11	0.00%	Nil
Total						
- Balance as at March 31, 2021	**100.00%**	**6,068.20**	**100.00%**	**696.95**	**100.00%**	**149.67**
- Balance as at March 31, 2020	100.00%	5,299.29	100.00%	508.01	100.00%	(142.30)

(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 :

(₹ Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Current assets	**608.14**	558.14
Non-current assets	**11.18**	12.61
Current liabilities	**(435.74)**	(403.75)
Non-current liabilities	**(0.57)**	(0.51)
Equity	**183.01**	166.49
Proportion of the group's ownership	**46.87%**	46.87%
Carrying amount of the group's investment	**85.78**	78.04

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Revenue	**33.73**	40.53
Depreciation & amortization	**(0.72)**	(1.14)
Finance cost	**-**	(0.07)
Employee benefit	**(6.97)**	(8.14)
Other expenses	**(3.29)**	(5.23)
Profit before Tax	**22.75**	25.95
Income tax expense	**(5.95)**	(6.69)
Profit for the year	**16.80**	19.26
Total Comprehensive income for the year	**16.80**	19.26
Group's share of profit for the year	**7.87**	9.03
Group's share of other comprehensive income for the year	**-**	-

* Amount nullified on conversion to ₹ crores.

Note 42(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 31.03.2021.

Necessary accounting treatment will be given in the books of accounts of the Company either on disposal of applications for transfer of Licences in the name of ING Satcom Limited by the competent authorities or on finalization of settlement of transaction with ING Satcom Limited. The amount received is classified under other current liabilities (refer Note 23).

Note 42(B) : Demand Notice from Department of Telecommunication (DoT)

During the previous year, the Company had received Demand Notice of ₹ 16,359.21 crores from the Department of Telecommunications (DoT), Ministry of Communications, Government of India, Gujarat Telecom Circle, Ahmedabad, vide its letters dated February 17, 2020 and March 05, 2020, (including of interest and penalty computed till March 31, 2020) towards the license fee 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 2018-19. Earlier, the Company had also received an initial Demand Notice from DOT dated December 23, 2019 for amounting to ₹ 15,019.97 crores (including of interest and penalty).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Against the aforementioned Demand Notices, the Company had made representations to the Controller General of Communication Accounts ('CCA'), New Delhi, on January 06, 2020, February 21, 2020 and April 03, 2020 in which the Company has refuted the demands being an unrelated matter to the terms and conditions of the V-SAT License valid till June 01, 2020 and ISP License which was valid till August 07, 2015 and that it is not satisfied with the assessment made by DOT for raising the Demand Notices and based on the facts and submission made in the representations, the aforementioned Demand Notices should be withdrawn. The Company was also not a party to the proceedings in SC AGR judgement and neither the facts peculiar to the Company placed before the Hon'ble Supreme Court in the matter relating to definition of AGR based on which the above demand notices was issued by DOT.

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. As at reporting date, Company has not received any update from DoT regarding these demand notices.

Earlier, on February 4, 2015 also, the Controller of Communication Accounts ('CCA'), Ahmedabad had raised demand notices for V-SAT and ISP Licenses for the period FY 2009-10 to FY 2013-14 aggregating to ₹ 2,752 crores (inclusive of interest and penalty) on similar basis. Being aggrieved by the above demand notice, the Company filed two petitions with Telecom Disputes Settlement and Appellate Tribunal ('TDSAT') dated March 10, 2015 challenging the demands of DoT which were admitted by TDSAT and restrained DoT from taking any coercive action for the recovery of the demand of ₹ 2,752 crores vide its Order dated March 13, 2015. The said matter is still pending before TDSAT.

Based on legal assessment the Company believes that it has good grounds on merit to defend itself in the above matter. Accordingly, the Company is of the view that no provision is necessary in respect of this matter.

Note 43 : Recognision of Additional fixed cost Subsidy

During the financial year 2018-19, the Company had written off unrealised subsidy balance of ₹ 127.38 Crores, for past years up March 31, 2018, relating to compensation for additional fixed cost in terms of Modified NPS-III due to uncertainty to realise the claims as the same was neither acknowledged nor paid by the Department of Fertilizer (DoF). Further, the Company didn't recognised the subsidy amount of ₹ 58.12 crores (incl. ₹ 31.85 crores relating to FY 2018-19) in terms of Modified NPS-III, due to uncertainty, till the quarter ended December 31, 2019.

In view of Department of Fertilizers (DoF) notification dated March 30, 2020 removing ambiguities in modified NPS III relating to additional fixed cost, the Company had revisited its earlier stand on de-recognition of subsidy already accounted from April 01, 2014 till March 31, 2018. Accordingly, in the previous year, the Company had recognised subsidy income relating to compensation for additional fixed cost in terms of Modified NPS-III amounting to ₹ 191.07 crores (of which ₹ 159.23 crores pertains to the period April 1, 2014 to March 31, 2019). During the current year ended March 31, 2021, the Company has recognized ₹ 31.85 crores respectively in this regard. This is part of Fertilizer segment in segment results.

Note 44 : 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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 44.1 : Financial information about the primary business segment's Revenue & Results : (₹ Crores)

		Fertilizers		Chemicals		Others		Total	
		2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
A	**REVENUE:**								
	External sales revenue	**1,751.03**	2,244.30	**3,304.55**	2,835.66	**73.11**	82.46	**5,128.69**	5,162.42
	Inter-segment revenue	**-**	-	**-**	-	**-**	-	**-**	-
	Total Revenue	**1,751.03**	2,244.30	**3,304.55**	2,835.66	**73.11**	82.46	**5,128.69**	5,162.42
B	**RESULT:**								
	Segment result	**(24.02)**	215.80	**874.29**	166.39	**9.59**	12.47	**859.86**	394.66
	Unallocable income							**144.81**	61.47
	Unallocable expenses							**(36.41)**	(26.03)
	Operating profit							**968.26**	430.10
	Finance costs							**(19.95)**	(5.27)
	Profit before tax							**948.31**	424.83

Note 44.2: 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	
	31-03-2021	31-03-2020	31-03-2021	31-03-2020	31-03-2021	31-03-2020	31-03-2021	31-03-2020
Segment assets	**1,776.89**	2,928.82	**2,698.70**	2,646.42	**183.81**	188.89	**4,659.40**	5,764.13
Segment liabilities	**(1,177.47)**	(1,293.51)	**(425.55)**	(428.14)	**(136.80)**	(133.31)	**(1,739.82)**	(1,854.96)
Other unallocable corporate assets	**-**	-	**-**	-	**-**	-	**3,725.41**	2,654.53
Other unallocable corporate liabilities	**-**	-	**-**	-	**-**	-	**(576.79)**	(1,264.41)
Total capital employed	**599.42**	1,635.31	**2,273.15**	2,218.28	**47.01**	55.58	**6,068.20**	5,299.29
Capital assets/ expenditure incurred during the year:								
Capital assets including capital work in progress	**36.43**	30.23	**147.50**	51.52	**1.08**	0.21	**185.01**	81.96
Other unallocable capital expenditures	**-**	-	**-**	-	**-**	-	**58.74**	11.55
Total	**36.43**	30.23	**147.50**	51.52	**1.08**	0.21	**243.75**	93.51

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 45 : Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below. (₹ Crores)

Particulrs	FVTOCI Reserve		Retained Earnings		Total	
	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020
Re-measurement (gain) / losses on defined benefit plans (net of tax)	**-**	-	**11.01**	(14.42)	**11.01**	(14.42)
Net (gain) / losses on FVTOCI on Equity Investments (net of tax)	**138.66**	(127.88)	**-**	-	**138.66**	(127.88)
	138.66	(127.88)	**11.01**	(14.42)	**149.67**	(142.30)

Note 46 : Details of hedged and unhedged exposure in foreign currency (FC) denominated monetary items :

(a) Exposure in foreign currency - Hedged

Amounts Payable in Foreign Currency :

Particulars	Hedged against	As at March 31, 2021			As at March 31, 2020		
		₹ Crores	Amount in FC		₹ Crores	Amount in FC	
Payables for import	Forward Contract	**77.75**	**USD**	**1,03,59,000**	122.68	USD	1,61,50,000
Payables for import	Forward Contract	**2.93**	**EUR**	**3,28,600**	-	EUR	-
Payables for future import	Forward Contract	**3.07**	**USD**	**4,16,000**	37.37	USD	49,20,000
Payables for future import	Forward Contract	**4.48**	**EUR**	**4,91,500**	6.15	EUR	7,31,585

(b) Exposure in foreign currency - Unhedged

(i) Amounts payable in foreign currency :

Particulars	As at March 31, 2021			As at March 31, 2020		
	₹ Crores	Amount in FC		₹ Crores	Amount in FC	
Payables for import	**1.67**	**EUR**	**1,91,340**	3.33	EUR	3,96,107
Payables for import	**7.68**	**USD**	**10,38,281**	7.56	USD	9,95,871
Payables for import	**0.30**	**GBP**	**29,908**	0.26	GBP	27,540
Payables for import	**- ***	**CHF**	**217**	0.06	CHF	7,409
Payables for import	**0.18**	**JPY**	**26,29,840**	-	JPY	-

* Amount nullified on conversion to ₹ crores

(ii) Amounts receivable in foreign currency :

Particulars	As at March 31, 2021			As at March 31, 2020		
	₹ Crores	Amount in FC		₹ Crores	Amount in FC	
Receivables for export	**5.02**	**USD**	**6,87,820**	0.21	USD	28,600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The following significant exchange rates have been applied during the year:

	Year end spot rate	
	March 31, 2021	March 31, 2020
USD 1	**Import - ₹ 74.01** **Export - ₹ 73.04**	Import - ₹ 75.96 Export - ₹ 74.82
EUR 1	**₹ 87.08**	₹ 84.12
GBP 1	**₹ 101.66**	₹ 93.78
CHF 1	**₹ 78.74**	₹ 79.48
JPY 1	**₹ 0.6697**	NA

Note 47 : Financial Instruments, Fair Value Measurements, Financial Risk and Capital Management :
Note 47.1 : Category-wise classification of financial instruments: (₹ Crores)

Particulars	Refer Note	As at March 31, 2021			
		Fair Value through other Comprehensive income	Fair Value through profit or loss	Amortised cost	Carrying Value
Financial assets					
Cash and cash equivalents	13	-	-	**137.17**	**137.17**
Other bank balances	14	-	-	**1,313.56**	**1,313.56**
Investments in equity shares (other than investment in subsidiary & associate entity)	7	**779.89**	-	-	**779.89**
Investments in unquoted equity shares of subsidiary entity and associate entity	7	-	-	**85.78**	**85.78**
Investments in unquoted debentures, Govt Securities & State development Loans	7	-	**72.23**	-	**72.23**
Trade receivables	10	-	-	**509.55**	**509.55**
Loans and advances	8	-	**126.04**	**400.00**	**526.04**
Other financial assets	9	-	**21.04**	**52.15**	**73.19**
Total		**779.89**	**219.31**	**2,498.21**	**3,497.41**
Financial liabilities					
Borrowings (including current maturities)	18 & 20	-	-	**2.16**	**2.16**
Trade payables	19	-	-	**460.24**	**460.24**
Derivatives instruments not designated as hedge	20	-	-	**1.11**	**1.11**
Lease liability	38	-	-	**1.90**	**1.90**
Other financial liabilities	20	-	-	**259.09**	**259.09**
Total		-	-	**724.50**	**724.50**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ Crores)

Particulars	Refer Note	As at March 31, 2020			
		Fair Value through other Comprehensive income	Fair Value through profit or loss	Amortised cost	Carrying Value
Financial assets					
Cash and cash equivalents	13	-	-	65.74	65.74
Other bank balances	14	-	-	123.26	123.26
Investments in equity shares (other than investment in subsidiary & associate entity)	7	594.68	-	-	594.68
Investments in unquoted equity shares of subsidiary entity and associate entity	7	-	-	78.04	78.04
Trade receivables	10	-	-	1,413.42	1,413.42
Loans and advances	8	-	121.08	165.00	286.08
Derivatives instruments not designated as hedge	9	-	-	4.59	4.59
Other financial assets	9	-	758.92	33.65	792.57
Total		594.68	880.00	1,883.70	3,358.38
Financial liabilities					
Borrowings (including current maturities)	18	-	-	858.64	858.64
Trade payables	19	-	-	513.40	513.40
Lease Liability	38	-	-	1.85	1.85
Other financial liabilities	20	-	-	225.39	225.39
Total		-	-	1,599.28	1,599.28

Note 47.2 : 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, 2021				As at March 31, 2020			
	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
Financial assets measured at fair value								
Investment in quoted equity measured at FVTOCI (refer Note 7)	**354.98**	**-**	**-**	**354.98**	210.77	-	-	210.77
Investment in unquoted equity measured at FVTOCI (refer Note 7)	**-**	**-**	**424.91**	**424.91**	-	-	383.91	383.91
Loans and advances (refer Note 8)	**-**	**-**	**126.04**	**126.04**	-	-	121.08	121.08
Derivative instruments (refer Note 9)	**-**	**-**	**-**	**-**	-	4.59	-	4.59
Total	**354.98**	**-**	**550.95**	**905.93**	210.77	4.59	504.99	720.35

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	As at March 31, 2021				As at March 31, 2020			
	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
Financial liabilities measured at fair value:								
Derivative instruments (refer Note 20)	-	1.11	-	1.11	-	-	-	-
Total	-	1.11	-	1.11	-	-	-	-
Asset for which fair values are disclosed :								
Investment properties (refer Note 5)	-	-	85.20	85.20	-	-	85.21	85.21

*The fair value of the quoted equity investments are derived from quoted market prices in active market.

b) Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2021 and March 31, 2020 are as shown below:

Particulars	Valuation technique	Significant unobservable inputs	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, 2021 : ₹ 1.56 crores (₹ 1.56 crores). 10% increase (decrease) in the Gas marketing business would result in increase / (decrease) in fair value as of March 31, 2020 : ₹ 1.56 crores (₹ 1.56 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 2021 : 15% - 25% (20%) 31 March 2020 : 15% - 25% (20%)	5% increase / decrease in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2021 : ₹ 39.55 crores (₹ 39.74 crores) {5% increase / decrease in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2020 : ₹ 19.87 crores (₹ 19.87 crores)}
		EBITDA (₹ crores)	31 March 2021 : ₹ 315.37 crores - ₹ 348.57 crores (₹ 331.97 crores) 31 March 2020 : ₹ 315.20 crores - ₹ 348.36 crores (₹ 331.78 crores)	₹ 16.60 crores increase / decrease in the EBITDA would result in increase (decrease) in fair value as of March 31, 2021 : ₹ 17.84 crores (₹ 18.03 crores) {₹ 16.58 crores increase / decrease in the EBITDA would result in increase (decrease) in fair value as of March 31, 2020 : ₹ 15.82 crores (₹ 15.82 crores)}
FVTOCI assets in unquoted equity shares (Gujarat Venture Finance Limited)	Cost Approach - Net asset value	Share holders fund (₹ crores)	31 March 2021 : ₹ 25.20 crores - ₹ 27.80 crores (₹ 26.50 crores) 31 March 2020 : ₹ 17.70 crores - ₹ 19.70 crores (₹ 18.70 crores)	₹ 1.30 crores increase / decrease in the shareholders fund would result in increase (decrease) in fair value as of March 31, 2021 by ₹ 0.02 crores (₹ 0.02 crores) {₹ 1 crores increase / decrease in the shareholders fund would result in increase (decrease) in fair value as of March 31, 2020 by ₹ 0.02 crores (₹ 0.02 crores)}

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
		Discount to Book Value	31 March 2021 : 15% - 25% (20%) 31 March 2020 : 15% - 25% (20%)	5% increase / decrease in the discount to book value would result in decrease (increase) in fair value as of March 31, 2021 : ₹ 0.02 crores (₹ 0.02 crores). {5% increase / decrease in the discount to book value would result in decrease (increase) in fair value as of March 31, 2020 : ₹ 0.02 crores (₹ 0.02 crores)}
FVTOCI assets in unquoted equity shares (Bharuch Enviro Infrastructure Limited)	Market Approach - Comparable companies	Market Multiple Discount	31 March 2021 : 15% - 25% (20%) 31 March 2020 : 15% - 25% (20%)	5% increase / decrease in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2021 : ₹ 0.34 crores (₹ 0.34 crores) {5% increase / decrease in the market multiple discount would result in decrease (increase) in fair value as of March 31, 2020 : ₹ 0.28 crores (₹ 0.28 crores)}
		Consolidated PAT (₹ crores)	31 March 2021 : ₹ 53.70 crores - ₹ 59.30 crores (₹ 56.50 crores) 31 March 2020 : ₹ 37.90 crores - ₹ 41.90 crores (₹ 56.50 crores)	₹ 2.8 crores increase / decrease in the consolidated PAT would result in increase (decrease) in fair value as of March 31, 2021 : ₹ 0.27 crores (₹ 0.27 crores). {₹ 2 crores increase / decrease in the consolidated PAT would result in increase (decrease) in fair value as of March 31, 2020 : ₹ 0.23 crores (₹ 0.23 crores)}
FVTOCI assets in unquoted equity shares (Bharuch Dahej Railway Company Limited)	Cost Approach - Net asset value	Discount to Book Value	31 March 2021 : 20% - 30% (25%) 31 March 2020 : 20% - 30% (25%)	5% increase / decrease in the discount to book value would result in decrease (increase) in fair value as of March 31, 2021 : ₹ 0.58 crores (₹ 0.58 crores) {5% increase / decrease in the discount to book value would result in decrease (increase) in fair value as of March 31, 2020 : ₹ 0.57 crores (₹ 0.57 crores)}
		Share holders fund (₹ crores)	31 March 2021 : ₹ 127.30 crores - ₹ 140.70 crores (₹ 134 crores) 31 March 2020 : ₹ 124.20 crores - ₹ 137.40 crores (₹ 130.80 crores)	₹ 6.70 crores increase / decrease in the shareholders fund would result in increase (decrease) in fair value as of March 31, 2021 by ₹ 0.77 crores (₹ 0.78 crores). {₹ 6.60 crores increase / decrease in the shareholders fund would result in increase (decrease) in fair value as of March 31, 2020 by ₹ 0.76 crores (₹ 0.76 crores)}.
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 7). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 47.3 : 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 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, 2021 and March 31, 2020.

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, 2021. 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, 2021 and March 31, 2020.

(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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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 46.

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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
USD Sensitivity				
RUPEES / USD – Increase by 5%	**(0.13)**	(0.37)	**(0.13)**	(0.37)
RUPEES / USD – Decrease by 5%	**0.13**	0.37	**0.13**	0.37
EURO Sensitivity				
RUPEES / EURO – Increase by 5%	**(0.08)**	(0.17)	**(0.08)**	(0.17)
RUPEES / EURO – Decrease by 5%	**0.08**	0.17	**0.08**	0.17

(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 ₹ 424.91 crores. Sensitivity analyses of these investments have been provided in Note 47.2(b).

At the reporting date, the exposure to listed equity securities at fair value was ₹ 354.98 crores. A decrease of 5% on the BSE market price could have an impact of approximately ₹ 17.75 crores on the OCI or equity attributable to the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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. 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 ₹ 22.58 crores and ₹ 14.37 crores as at 31st March, 2021 and 31st March, 2020 respectively. (Refer Note No. 10 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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
As at March 31, 2021						
Borrowings (including current maturities)	**18 & 20**	**2.16**	**-**	**-**	**-**	**2.16**
Trade payables	**19**	**-**	**460.24**	**-**	**-**	**460.24**
Lease liability	**38**	**-**	**0.85**	**0.86**	**0.19**	**1.90**
Derivatives Instruments not designated as hedge	**20**	**-**	**1.11**	**-**	**-**	**1.11**
Other financial liabilities	**20**	**-**	**253.97**	**5.12**	**-**	**259.09**
Total		**2.16**	**716.17**	**5.98**	**0.19**	**724.50**
As at March 31, 2020						
Borrowings (including current maturities)	18 & 20	475.66	382.98	-	-	858.64
Trade payables	19	-	513.40	-	-	513.40
Lease liability	38	-	1.18	0.65	0.02	1.85
Other financial liabilities	20	-	225.39	-	-	225.39
Total		475.66	1,122.95	0.65	0.02	1,599.28

Note 47.4 : 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.

(₹ Crores)

Particulars	March 31, 2021	March 31, 2020
Total Borrowings (refer note 18 and 20)	**2.16**	858.64
Less: Cash and bank balances (refer Note 13 and 14)	**1,450.73**	189.00
Net Debt (A)	**(1,448.57)**	669.64
Total Equity (B)	**6,068.20**	5,299.29
Total Equity and Net Debt (C = A + B)	**4,619.63**	5,968.93
Gearing ratio	**-**	11%

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, 2021 and March 31, 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 48 : Impact of COVID-19

The current "second wave" of COVID-19 pandemic has significantly increased in India. The Government of India has ruled out a nationwide lockdown for now, but regional lockdowns are implemented in areas with a significant number of COVID-19 cases. We are closely monitoring the situation and will continue to take all necessary actions to ensure the health, safety and well-being of our employees in this given scenario.

Further, the Company has also assessed the impact of this pandemic on recoverability of the carrying amounts of inventories, tangible assets, intangible assets, trade receivables, investments and other financial asset as at balance sheet date using various internal and external information. The management has also performed sensitivity analysis on the assumptions used and based on present estimates it believes that the carrying amount is considered to be recoverable and accordingly no further adjustments are required in the financial statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and the Company continues to monitor the changes in future economic conditions. Further the Company has zero long term debt outstanding as at March 31, 2021 and has substantial working capital lines which are available, should the need arise.

The management does not see any risk in the ability to continue as a going concern and meeting its liabilities as and when they fall due. However, the actual impact of COVID-19 on the Company's financial statements may differ from that estimated.

Note 49 : 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 50 : Event occurred after the Balance Sheet Date:

'The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of May 17, 2021 there were no material subsequent events to be recognized or reported that are not already previously disclosed.

For and on behalf of the Board of Directors,

D. V. Parikh	**A. C. Shah**	**Shri Pankaj Joshi, IAS**	**Shri Anil Mukim, IAS**
General Manager & CFO	Company Secretary	Managing Director	Chairman

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

Place : Gandhinagar
Date : May 17, 2021

per Ravi Bansal
Partner
Membership Number: 049365

Place : Mumbai
Date : May 17, 2021

ANNEXURE TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form AOC- I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Statement pursuant to Section 129(3) of the companies Act, 2013 related to Subsidiary Company

1	Name of Subsidiary	Gujarat Ncode Solutions Limited *
2	Date since when subsidiary was aquired	06-04-2017
3	Reporting Currency	INR
4	Share Capital	0
5	Other Equity	0
6	Total Assets	0
7	Total Liabilities	0
8	Investments	NIL
9	Revenue From Operations	NIL
10	Profit Before Taxation	0
11	Provision for Taxation	NIL
12	Profir after Taxation	0
13	Other Comprehensive Income	NIL
14	Total Comprehensive Income	0
15	Proposed Dividend	NIL
16	Extent of shareholding	100%

1	Name of Subsidiaries which are yet to commence Operation	None
2	Names of Subsidiaries which have been liquidated or sold during the year	None

* Under process of strike off

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	31-03-2020
2	Shares of Associates held by the company on the year end	
	No.	12,50,000
	Amount of Investment in Associates (₹)	1,25,00,000
	Extent of Holding %	46.87%
3	Description of how there is significant influence	Holding more than 20% of the total capital
4	Reason why the Associate is not consolidated	Not Applicable
5	(i) Networth attributable to shareholding as per latest audited Balance Sheet as on 31-03-2020 (₹)	78,03,72,635
	(ii) Networth attributable to shareholding as per latest unaudited Balance Sheet as on 31-03-2021 (₹)	85,78,08,719
6	Unaudited Profit / (Loss) for the FY 2020-21 (₹)	16,78,76,447
	i. Considered in Consolidation (₹)	7,86,86,085
	ii. Not Considered in Consolidation (₹)	-

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	**A. C. Shah**	**Shri Pankaj Joshi, IAS**	**Shri Anil Mukim, IAS**
General Manager & CFO	Company Secretary	Managing Director	Chairman

Place : Gandhinagar
Date : May 17, 2021

NOTES

INDUSTRIAL PRODUCTS PROFILE

Sr. No.	PRODUCT(S)	APPLICATION(S)
1	Acetic Acid (Glacial)	Acetic Anhydride, Vinyl Acetate Monomer(VAM), Purified Te-rephthalic Acid(PTA), Monochloro Acetic Acid, Acetates, Dyes & Dye Intermediates
2	Ammonium Nitrate	Explosives, Herbicides & Insecticides
3	Aniline	Acetanilide, Antioxidants, Herbicides, Pigments, Rubber Chemicals: Vulcanizing Agents, Photographic Chemicals: Hydroqumone, Pharmaceutical, Isocyanantes: MDI
4	Concentrated Nitric Acid (CNA)	Aniline, TDI, Dyestuff & Dye Intermediates, Explosives, Nitrobenzene
5	Ethyl Acetate	Solvent in Printing Inks, Paints and Coating, Laminates, Flexible, Packaging, Aluminium Foil, Pestcides, Varnishes, Synthetic Fruit Essence, Perfumes, Photographic Films and Plates, Adhesives and Pharmaceuticals
6	Formic acid	Coagulant for obtaining rubber from latex, Fixing of dyes in leather industry, Pesticides, Vulcanization Accelerators, Electroplating,Construction Chemicals
7	Methanol	Acetic Acid, Formaldehyde, Chloromethane, Pesticides, Methyl Amines, Paints, Insecticides
8	TDI (Toluene Di- Isocyanate)	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	Technical Grade Urea	Cattle feed, Pigments, Dyes, Fuel additives
10	Weak Nitric Acid (WNA)	CNA, Dyestuff & Dye Intermediates, Explosives, Metal cleaning
INTERMEDIATES AND BY-PRODUCTS		
1	Calcium Carbonate	In Cattle feed, Water treatment, Neutralization of Acidic Effluent, Cement Industry
2	Dilute Sulfuric Acid	Ferric Alum, Fertilizer, Textile
3	Hydrochloric Acid	Chemical Reagent, Production of gelatin, Household cleaning, Metal Pickelings, Textiles, Dye, Intermediates, DCP
4	Meta Toluene Diamine (MTD)	Chain extender, Cross linker, Rubber Chemical & dyes, Polymides, TDI
5	Methyl Formate	Di Methyl Formamide (DMF), Formic Acid, Pharmaceuticals, Metal Foundries, Fumigant & Larvicide for Tobacco, Formulations of Synthetic Flavors
6	Neem Oil	Coating of Urea, Pesticides, Cosmetics, Medicine
7	Nitrobenzene	Aniline,Antioxidants, Herbicides, Pigments,Rubber Chemicals: Vulcanizing Agents, Photographic Chemicals: Hydroquinone
8	Ortho Toluene Diamine (OTD)	Polyols, Antioxidants, Corrosion Inhibitors, Rubber Chemicals, Dyes
9	Sodium Hypo Chlorite	Disinfectant, Bleaching Agent, Water Treatment.

CORPORATE SOCIAL RESPONSIBILITY

Children Exercise Units installed at 11 Villages of Bharuch Dist.

Construction of Toilets for Dandi Marchers - Village: Derol, Dist: Bharuch.

Distribution of 2,000 Happiness Kits during COVID-19 Pandemic.

Installed Play Equipments for Children in 11 Villages of Bharuch Dist.

Renovation of School Building - Village: Derol, Dist: Bharuch.

Upgradation of 13 Anganwadis into Smart Anganwadi of Bharuch Dist.


GNFC
neo neem
Be pure Live pure
SHAMPOO
FACE WASH
HAND WASH
HAND SANITIZER
HAIR OIL
neem nite
MOSQUITO REPELLENT
The products are available at:
amazon
Flipkart
BIG BAZAAR
star
METRO Wholesale
https://shop.gnfcneem.in/
Website : www.gnfc.in, www.gnfcneem.in

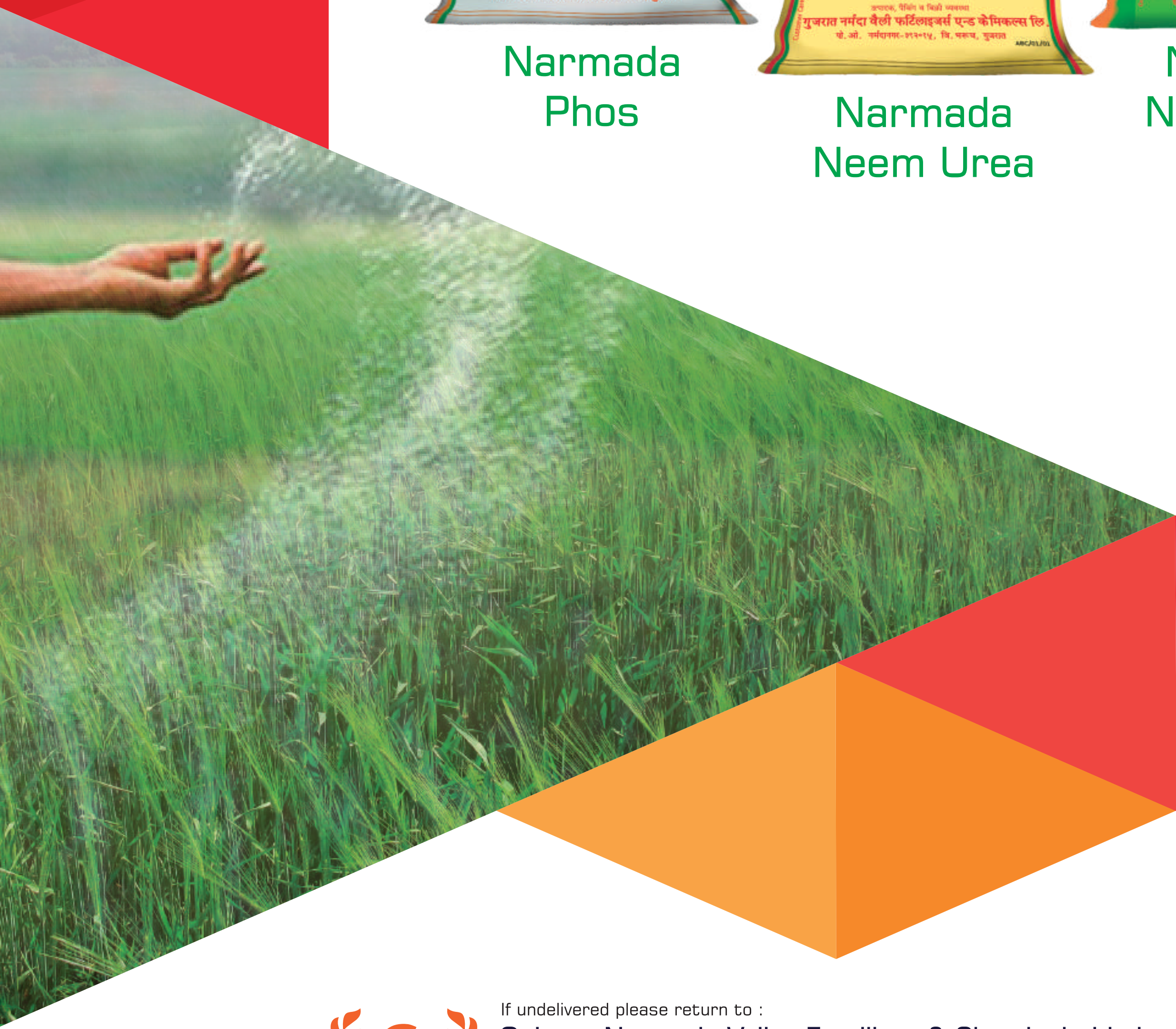

Narmada
Neem Pesticide
GOPCA
Approved by ECOCERT INPUTS
NARMADA NEEM PESTICIDE

GNFC Fertilizer Products

Narmada
Phos

Narmada
Neem Urea

Narmada
Neem Cake



If undelivered please return to :

GNFC

Gujarat Narmada Velley Fertilizer & Chemicals Limited

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

CIN : L24110GJ1976PLC002903

P.O. Narmadanagar - 392 015, Dist. Bharuch, Gujarat, INDIA

Ph. : (02642) 247001, 247002 **Fax** : (02642) 247084 **Website** : www.gnfc.in